

Report On

Town Of Kenly

Kenly, North Carolina

June 30, 2020

Town Council Members

Bonnie Williamson, Mayor
Keith Davis, Mayor Pro-Tem
Bobby Peele, Commissioner
Lawanda Neal, Commissioner
Janna Rogerson, Commissioner
Trinity Henderson, Commissioner

Administrative and Financial Staff

Ralph Clark, Town Manager and Finance Officer
Sharon Evans, Town Clerk

**Town of Kenly, North Carolina
Table of Contents
June 30, 2020**

<u>Exhibit</u>		<u>Page</u>
	Financial Section:	
	Independent Auditor's Report	5
	Management's Discussion and Analysis	8
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	19
2	Statement of Activities	20
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	21
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	23
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund	25
6	Statement of Fund Net Position – Proprietary Fund	26
7	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	27
8	Statement of Cash Flows – Proprietary Fund	28

**Town of Kenly, North Carolina
Table of Contents
June 30, 2020**

	<u>Page</u>
Notes to the Financial Statements	30
Required Supplemental Financial Data:	
Schedule of Proportionate share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System	53
Schedule of Contributions – Local Government Employees' Retirement System	54
Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance	55
Schedule of Total Pension Liability as a Percentage of Covered Payroll	56
Individual Fund Statements and Schedules:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	58
Water and Sewer Fund	63
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	66
Analysis of Current Tax Levy – Town-Wide Levy	67

FINANCIAL SECTION

ANTHONY & TABB, P.A.

Certified Public Accountants

John C. Anthony, Jr., CPA, MBA
Douglas C. Tabb, Jr., CPA
Jason B. Creel, CPA
John C. Anthony III, CPA, MSA

2536 Ward Blvd.
Wilson, North Carolina 27893

(252) 237-0784
FAX (252) 243-7101

Members:
North Carolina Association of
Certified Public Accountants

American Institute of
Certified Public Accountants

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kenly, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 through 17 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 55 and 56 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Kenly, North Carolina. The combining and individual fund statements, budgetary schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

A handwritten signature in black ink that reads "Anthony & Tabb, P.A." The signature is written in a cursive, flowing style.

Anthony & Tabb, P.A.
Certified Public Accountants
Wilson, North Carolina

January 22, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Kenly, we offer readers of the Town of Kenly's financial statements this narrative overview and analysis of the financial activities of the Town of Kenly for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

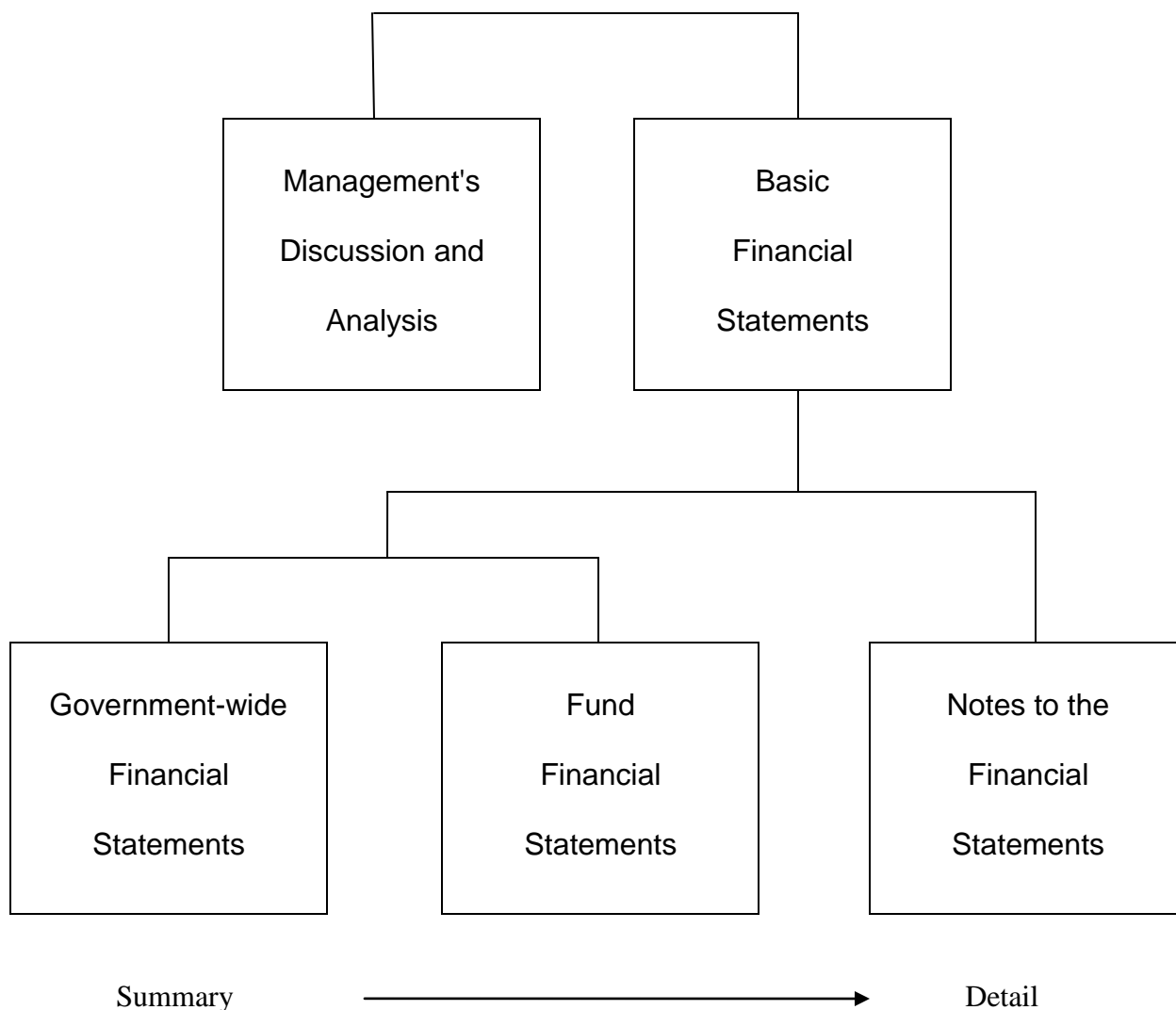
- The assets and deferred outflows of resources of the Town of Kenly exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,068,641 (*net position*).
- The government's total net position decreased by \$239,620, primarily due to depreciation expense of \$379,456.
- As of the close of the current fiscal year, the Town of Kenly's governmental funds reported combined ending fund balances of \$689,141 with a net change of \$(4,833) in fund balance. Approximately 29.46% of this total amount, or \$202,991 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$399,141 or 21.64% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Kenly'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 Kenly.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental

funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

Management Discussion and Analysis Town of Kenly

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 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 financial status as a whole.

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

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

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

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

Management Discussion and Analysis

Town of Kenly

Statement of Net Position and the Statement of Activities and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning the Town of Kenly's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 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.

Management Discussion and Analysis
Town of Kenly

Government-Wide Financial Analysis

**Town of Kenly's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 735,899	\$ 726,033	\$ 1,105,971	\$ 1,067,524	\$ 1,841,870	\$ 1,793,557
Capital assets	1,880,557	1,899,041	4,218,508	4,372,643	6,099,065	6,271,684
Deferred outflows of resources	143,093	126,115	72,376	59,868	215,469	185,983
Total assets and deferred outflows of resources	2,759,549	2,751,189	5,396,855	5,500,035	8,156,404	8,251,224
Long-term liabilities outstanding	793,649	695,741	146,373	111,247	940,022	806,988
Other liabilities	28,496	20,981	97,388	84,397	125,884	105,378
Deferred inflows of resources	14,515	20,748	7,342	9,849	21,857	30,597
Total liabilities and deferred inflows of resources	836,660	737,470	251,103	205,493	1,087,763	942,963
Net position:						
Net investment in capital assets	1,423,104	1,461,810	4,196,794	4,345,976	5,619,898	5,807,786
Restricted	202,991	268,665	-	-	202,991	268,665
Unrestricted	296,794	283,244	948,958	948,566	1,245,752	1,231,810
Total net position	\$ 1,922,889	\$ 2,013,719	\$ 5,145,752	\$ 5,294,542	\$ 7,068,641	\$ 7,308,261

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Kenly exceeded liabilities and deferred inflows by \$7,068,641 as of June 30, 2020. The Town's net position decreased by \$239,620 for the fiscal year ended June 30, 2020. However, the largest portion (79.50%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Kenly uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Kenly's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Kenly's net position \$202,991 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,245,752 is unrestricted.

Management Discussion and Analysis
Town of Kenly

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.70%, which approximates the 2019 statewide average of 98.78%.

Town of Kenly's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue:						
Program revenues:						
Charges for services	\$ 174,137	\$ 176,338	\$ 1,302,768	\$ 1,338,480	\$ 1,476,905	\$ 1,514,818
Operating grants and contributions	179,383	134,791	-	93,901	179,383	228,692
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	960,183	824,173	-	-	960,183	824,173
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	462,468	469,759	-	-	462,468	469,759
Other	2,947	36,704	251	245	3,198	36,949
Total revenue	1,779,118	1,641,765	1,303,019	1,432,626	3,082,137	3,074,391
Expenses:						
General government	362,402	218,125	-	-	362,402	218,125
Public safety	754,487	735,977	-	-	754,487	735,977
Transportation	315,280	188,652	-	-	315,280	188,652
Economic and physical development	27,386	15,019	-	-	27,386	15,019
Environmental protection	118,612	149,885	-	-	118,612	149,885
Planning board	1,491	1,165	-	-	1,491	1,165
Cultural and recreational	272,990	280,088	-	-	272,990	280,088
Interest on long-term debt	17,300	18,578	-	-	17,300	18,578
Water and sewer	-	-	1,451,809	1,383,740	1,451,809	1,383,740
Total expenses	1,869,948	1,607,489	1,451,809	1,383,740	3,321,757	2,991,229
Increase (decrease) in net position before transfers	(90,830)	34,276	(148,790)	48,886	(239,620)	83,162
Transfers	-	-	-	-	-	-
Net increase (decrease) in net position	(90,830)	34,276	(148,790)	48,886	(239,620)	83,162
Net position, July 1	2,013,719	1,979,443	5,294,542	5,245,656	7,308,261	7,225,099
Net position, June 30	\$ 1,922,889	\$ 2,013,719	\$ 5,145,752	\$ 5,294,542	\$ 7,068,641	\$ 7,308,261

Management Discussion and Analysis

Town of Kenly

Governmental activities. Governmental activities decreased the Town net position by \$90,830, thereby accounting for (37.91%) of the total decrease in the net position of the Town of Kenly. The decrease in net position was the result of depreciation expense of \$149,627 and street resurfacing expenses of \$128,999. Town management reduced non-essential programs to a minimum and implemented cost saving strategies across Town departments. Certain non-recurring expenses were either postponed or renegotiated in an attempt to maintain a healthy net position. Management believes healthy investment in the Town will result in additional revenues, and in that vein added to the Town's net position by investing in capital assets which were largely funded by economic development grant revenues. Increased efforts to maximize tax collections also contributed to the favorable net position. Though many of the Town's residents were hit hard by the recession, tax revenue did not appreciably decline in the current year. Town management acknowledges that 2020 was less than a successful year and plans on improving upon these approaches as a long term strategy to realize continued fiscal health. Key elements of this decrease are as follows:

- Tax revenues remained steady.

Business-type activities. Business-type activities decreased the Town of Kenly's net position by \$148,790, accounting for 62.09% of the total decrease in the government's net position. Key elements of this decrease are as follows:

- The Town recognized depreciation expense of \$229,829 in the Proprietary Fund and decreased its net position as noted.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds. The focus of the Town of Kenly'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 Kenly's financing requirements.

The General Fund is the chief operating fund of the Town of Kenly. At the end of the current fiscal year, Town of Kenly's fund balance available in the General Fund was \$486,150, while total fund balance reached \$689,141. The Governing Body of the Town of Kenly has determined that the Town should maintain an available fund balance of 10.0% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 26.3% of general fund expenditures, while the total fund balance represents 37.3% of the same amount.

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

Proprietary Funds. The Town'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 \$948,958. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Kenly's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$4,196,794 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. Major capital asset transactions during the year included the following:

- Other fixed asset purchases of \$206,837.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 184,248	\$ 184,248	\$ 28,000	\$ 28,000	\$ 212,248	\$ 212,248
Buildings and system	1,432,035	1,449,830	3,653,294	3,824,742	5,085,329	5,274,572
Machine and equipment	126,623	145,992	537,214	519,901	663,837	665,893
Infrastructure	-	-	-	-	-	-
Vehicles and motorized equipment	137,651	118,971	-	-	137,651	118,971
Construction in progress	-	-	-	-	-	-
Total	<u>\$ 1,880,557</u>	<u>\$ 1,899,041</u>	<u>\$ 4,218,508</u>	<u>\$ 4,372,643</u>	<u>\$ 6,099,065</u>	<u>\$ 6,271,684</u>

Additional information on the Town's capital assets can be found in note III.A.3 of the basic financial statements.

Long-term Debt. As of June 30, 2020, the Town of Kenly had total debt outstanding of \$479,167. Of this, \$479,167 is debt backed by the full faith and credit of the Town of Kenly.

Additional information regarding the Town of Kenly's long-term debt can be found in note III.B.3.6.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Property taxes will remain the same at \$.61 per one hundred dollars (\$100) valuation of taxable property. Budgeted expenditures in the General Fund are expected to remain steady, with no fund balance appropriated.

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 Manager, Town of Kenly, PO Box 519, Kenly, NC 27542.

Basic Financial Statements

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

	Primary Government		
	Governmental	Business-	
	Activities	type	Total
		Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 514,646	\$ 920,004	\$ 1,434,650
Taxes receivables (net)	18,262	-	18,262
Accounts receivable (net)	18,594	120,317	138,911
Internal balances	-	-	-
Due from other governments	119,123	-	119,123
Restricted cash and cash equivalents	65,274	65,650	130,924
Total current assets	<u>735,899</u>	<u>1,105,971</u>	<u>1,841,870</u>
Non-current assets:			
Capital assets (Note 1):			
Land, non-depreciable			
improvements, and			
construction in progress	184,248	28,000	212,248
Other capital assets, net of			
depreciation	1,696,309	4,190,508	5,886,817
Total capital assets	<u>1,880,557</u>	<u>4,218,508</u>	<u>6,099,065</u>
Total assets	<u>2,616,456</u>	<u>5,324,479</u>	<u>7,940,935</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	143,093	72,376	215,469
LIABILITIES			
Current liabilities:			
Accounts payable	28,496	31,315	59,811
Accrued interest payable	-	423	423
Current portion of long-term liabilities	88,959	29,898	118,857
Payable from restricted assets	-	65,650	65,650
Total current liabilities	<u>117,455</u>	<u>127,286</u>	<u>244,741</u>
Long-term liabilities:			
Due in more than one year	704,690	116,475	821,165
Total liabilities	<u>822,145</u>	<u>243,761</u>	<u>1,065,906</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	-	-	-
Pension deferrals	14,515	7,342	21,857
Total deferred inflows of resources	<u>14,515</u>	<u>7,342</u>	<u>21,857</u>
NET POSITION			
Net investment in capital assets	1,423,104	4,196,794	5,619,898
Restricted for:			
Capital projects	-	-	-
Stabilization by State Statute	137,717	-	137,717
Pursuant to loan requirements	16,518	-	16,518
Other functions	48,756	-	48,756
Unrestricted	296,794	948,958	1,245,752
Total net position	<u>\$ 1,922,889</u>	<u>\$ 5,145,752</u>	<u>\$ 7,068,641</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 362,402	\$ 13,665	\$ 135,000	\$ -	\$ (213,737)	\$ -	\$ (213,737)
Public safety	754,487	1,319	-	-	(753,168)	-	(753,168)
Transportation	315,280	-	43,302	-	(271,978)	-	(271,978)
Economic and physical development	27,386	-	-	-	(27,386)	-	(27,386)
Environmental protection	118,612	142,572	1,081	-	25,041	-	25,041
Planning board	1,491	-	-	-	(1,491)	-	(1,491)
Cultural and recreation	272,990	16,581	-	-	(256,409)	-	(256,409)
Interest on long-term debt	17,300	-	-	-	(17,300)	-	(17,300)
Total governmental activities (See Note 1)	1,869,948	174,137	179,383	-	(1,516,428)	-	(1,516,428)
Business-type activities:							
Water and sewer	1,451,809	1,302,768	-	-	-	(149,041)	(149,041)
Total business-type activities	1,451,809	1,302,768	-	-	-	(149,041)	(149,041)
Total primary government	\$ 3,321,757	\$ 1,476,905	\$ 179,383	\$ -	(1,516,428)	(149,041)	(1,665,469)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					960,183	-	960,183
Other taxes					-	-	-
Grants and contributions not restricted to specific programs					462,468	-	462,468
Unrestricted investment earnings					96	251	347
Miscellaneous					2,851	-	2,851
Total general revenues not including transfers					1,425,598	251	1,425,849
Transfers					-	-	-
Total general revenues and transfers					1,425,598	251	1,425,849
Change in net position					(90,830)	(148,790)	(239,620)
Net position-beginning, previously reported					2,013,719	5,294,542	7,308,261
Net position-ending					\$ 1,922,889	\$ 5,145,752	\$ 7,068,641

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

**Town of Kenly
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds General Fund	Total Non- Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 514,646	\$ -	\$ 514,646
Restricted cash	65,274	-	65,274
Receivables, net:			
Taxes	18,262	-	18,262
Accounts	18,594	-	18,594
Due from other governments	119,123	-	119,123
Due from other funds	-	-	-
Total assets	<u>\$ 735,899</u>	<u>\$ -</u>	<u>\$ 735,899</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 28,496	\$ -	\$ 28,496
Due to other fund	-	-	-
Total liabilities	<u>28,496</u>	<u>-</u>	<u>28,496</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	18,262	-	18,262
Prepaid taxes	-	-	-
Total deferred inflows of resources	<u>18,262</u>	<u>-</u>	<u>18,262</u>
FUND BALANCES			
Non-Spendable			
Inventories	-	-	-
Restricted			
Stabilization by State Statute	137,717	-	137,717
Streets	41,079	-	41,079
Public Safety	7,677	-	7,677
Debt service	16,518	-	16,518
Committed			
Culture and recreation	2,730	-	2,730
Assigned			
Subsequent year's expenditures	83,759	-	83,759
Unassigned	399,661	-	399,661
Total fund balances	<u>689,141</u>	<u>-</u>	<u>689,141</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 735,899</u>	<u>\$ -</u>	

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

**Exhibit 3
(continued)**

**Town of Kenly
Balance Sheet
Governmental Funds
June 30, 2020**

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

Total Fund Balance, Governmental Funds		\$ 689,141
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 4,606,477	
Accumulated depreciation	<u>(2,725,920)</u>	1,880,557
Deferred outflows of resources related to pensions are not reported in the funds		143,093
Earned revenues considered deferred inflows of resources in fund statements		18,262
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds		
Gross long-term debt	497,126	
Net pension liability (LGERS)	197,501	
Total pension liability (LEO)	<u>99,022</u>	(793,649)
Deferred inflows of resources related to pensions are not reported in the funds		(14,515)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		<u>-</u>
Net position of governmental activities		<u><u>\$ 1,922,889</u></u>

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

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

	Major Funds	Total Non-	Total
	General Fund	Major Funds	Governmental
			Funds
REVENUES			
Ad valorem taxes	\$ 952,999	\$ -	\$ 952,999
Other taxes and licenses	520	-	520
Unrestricted intergovernmental	462,468	-	462,468
Restricted intergovernmental	180,490	-	180,490
Permits and fees	4,627	-	4,627
Sales and services	160,893	-	160,893
Investment earnings	96	-	96
Miscellaneous	9,841	-	9,841
Total revenues	<u>1,771,934</u>	<u>-</u>	<u>1,771,934</u>
EXPENDITURES			
Current:			
General government	340,294	-	340,294
Public safety	727,711	-	727,711
Transportation	304,834	-	304,834
Economic and physical development	27,386	-	27,386
Environmental protection	83,154	-	83,154
Planning board	1,491	-	1,491
Culture and recreation	294,819	-	294,819
Debt service:			
Principal	49,778	-	49,778
Interest and other charges	17,300	-	17,300
Total expenditures	<u>1,846,767</u>	<u>-</u>	<u>1,846,767</u>
Excess (deficiency) of revenues over expenditures	<u>(74,833)</u>	<u>-</u>	<u>(74,833)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Installment purchase proceeds	70,000	-	70,000
Sales of capital assets	-	-	-
Total other financing sources (uses)	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Net change in fund balance	<u>(4,833)</u>	<u>-</u>	<u>(4,833)</u>
Fund balances-beginning	693,974	-	693,974
Fund balances-ending	<u>\$ 689,141</u>	<u>\$ -</u>	<u>\$ 689,141</u>

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

Exhibit 4
(continued)

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

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

Net changes in fund balances - total governmental funds	\$	(4,833)
---	----	---------

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

Capital outlay expenditures which were capitalized	\$ 131,143		
Depreciation expense for governmental assets	<u>(149,627)</u>		(18,484)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Net Position

Governmental funds report the proceeds from the sale of capital assets as a revenue. However, in the Statement of Activities, the sales proceeds are offset against the net book value of the assets sold, with the difference being reflected as a gain or loss. This is the amount by which asset sale proceeds exceed the gain or loss for the current period.

-

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

Amount of donated assets	-		
Change in deferred revenue for tax revenues	<u>7,184</u>		7,184

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	\$ (70,000)		
Principal payments on long-term debt	<u>49,778</u>		(20,222)

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	(2,060)		
Pension expense	<u>(52,514)</u>		<u>(54,475)</u>

Total changes in net assets of governmental activities	\$	<u><u>(90,830)</u></u>
--	----	------------------------

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

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 897,232	\$ 897,232	\$ 952,999	\$ 55,767
Other taxes and licenses	-	-	520	520
Unrestricted intergovernmental	453,690	453,690	462,468	8,778
Restricted intergovernmental	42,900	42,900	180,490	137,590
Permits and fees	2,600	2,600	4,627	2,027
Sales and services	165,500	165,500	160,893	(4,607)
Investment earnings	100	100	96	(4)
Miscellaneous	10,000	10,000	9,841	(159)
Total revenues	1,572,022	1,572,022	1,771,934	199,912
Expenditures:				
Current:				
General government	319,526	297,512	340,294	(42,782)
Public safety	706,579	706,579	727,711	(21,132)
Transportation	193,787	190,787	304,834	(114,047)
Economic and physical development	32,500	32,500	27,386	5,114
Environmental protection	87,700	87,700	83,154	4,546
Planning board	2,628	2,628	1,491	1,137
Culture and recreation	268,210	318,210	294,819	23,391
Debt service:				
Principal retirement	11,092	29,923	49,778	(19,855)
Interest and other charges	10,000	16,183	17,300	(1,117)
Total expenditures	1,632,022	1,682,022	1,846,767	(164,745)
Revenues over (under) expenditures	(60,000)	(110,000)	(74,833)	35,167
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Installment purchase proceeds	60,000	60,000	70,000	10,000
Fund balance appropriated	-	50,000	-	(50,000)
Sales of capital assets	-	-	-	-
Total other financing sources (uses)	60,000	110,000	70,000	(40,000)
Net change in fund balance	\$ -	\$ -	(4,833)	\$ (4,833)
Fund balances, beginning of year			693,974	
Fund balances, end of year			\$ 689,141	

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

Town of Kenly
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds	
	Water and Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 920,004	\$ 920,004
Accounts receivable (net) - billed	120,317	120,317
Due from other funds	-	-
Due from other governments	-	-
Restricted cash and cash equivalents	65,650	65,650
Total current assets	<u>1,105,971</u>	<u>1,105,971</u>
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets	28,000	28,000
Other capital assets, net of depreciation	4,190,508	4,190,508
Capital assets (net)	<u>4,218,508</u>	<u>4,218,508</u>
Total noncurrent assets	<u>4,218,508</u>	<u>4,218,508</u>
Total assets	<u>5,324,479</u>	<u>5,324,479</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	<u>72,376</u>	<u>72,376</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	31,738	31,738
Compensated absences - current	24,763	24,763
Installment purchase payable - current	5,135	5,135
General obligation notes payable - current	-	-
Liabilities payable from restricted assets:		
Customer deposits	65,650	65,650
Total current liabilities	<u>127,286</u>	<u>127,286</u>
Noncurrent liabilities:		
Installment purchase payable - noncurrent	16,579	16,579
General obligation notes payable- noncurrent (net)	-	-
Net pension liability	99,896	99,896
Total noncurrent liabilities	<u>116,475</u>	<u>116,475</u>
Total liabilities	<u>243,761</u>	<u>243,761</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	<u>7,342</u>	<u>7,342</u>
NET POSITION		
Net investment in capital assets	4,196,794	4,196,794
Unrestricted	948,958	948,958
Total net position	<u>\$ 5,145,752</u>	<u>\$ 5,145,752</u>

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

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

	Enterprise Funds	
	Water and Sewer Fund	Total
OPERATING REVENUES		
Charges for services	\$ 1,238,294	\$ 1,238,294
Water and sewer taps	10,930	10,930
Other operating revenues	53,544	53,544
Total operating revenues	1,302,768	1,302,768
OPERATING EXPENSES		
Administration	271,071	271,071
Water treatment and distribution	330,375	330,375
Waste collection and treatment	619,125	619,125
Depreciation	229,829	229,829
Total operating expenses	1,450,400	1,450,400
Operating income (loss)	(147,632)	(147,632)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	251	251
Interest and other charges	(1,409)	(1,409)
Bond issuance costs	-	-
Total nonoperating revenue (expenses)	(1,158)	(1,158)
Income (loss) before contributions and transfers		
State grant	-	-
Transfers from other funds	-	-
Transfers to other funds	-	-
Change in net position	(148,790)	(148,790)
Total net position - previously reported	5,294,542	5,294,542
Total net position - ending	\$ 5,145,752	\$ 5,145,752

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

Town of Kenly
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities	
	Enterprise Funds	
	Water and Sewer Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,249,603	\$ 1,249,603
Cash paid for goods and services	(735,821)	(735,821)
Cash paid to or on behalf of employees for services	(443,500)	(443,500)
Customer deposits received	11,625	11,625
Customer deposits returned	(5,000)	(5,000)
Other operating revenues	53,544	53,544
Net cash provided by operating activities	130,451	130,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	-
Transfers to other funds	-	-
Advances from other funds	-	-
Advances to other funds repaid	-	-
Total cash flows from noncapital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(75,694)	(75,694)
Principal paid on debt bond maturities	(4,953)	(4,953)
Installment obligations issued	-	-
Interest paid on debt maturities	(986)	(986)
Capital contributions-State grant	-	-
Capital contributions-federal grant	-	-
Proceeds from asset sales	-	-
Net cash provided (used) by capital and related financing activities	(81,633)	(81,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	251	251
Net increase (decrease) in cash and cash equivalents	49,069	49,069
Balances-beginning of the year	936,585	936,585
Balances-end of the year	<u>\$ 985,654</u>	<u>\$ 985,654</u>

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

**Town of Kenly
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020**

	Business-Type Activities Enterprise Funds	
	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ (147,632)	\$ (147,632)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	229,829	229,829
(Gain) loss on sale of capital assets	-	-
Changes in assets and liabilities:		
Decrease in accounts receivable	379	379
Decrease in due from other governments	10,243	10,243
Increase in accounts payable and accrued liabilities	5,943	5,943
Increase in customer deposits	6,625	6,625
Increase in accrued vacation pay	7,843	7,843
Increase (decrease) in net pension liability	32,236	32,236
Increase (decrease) in deferred inflows of resources for pensions	(2,507)	(2,507)
(Increase) decrease in deferred outflows of resources for pensions	(12,508)	(12,508)
Total adjustments	<u>278,083</u>	<u>278,083</u>
Net cash provided by operating activities	<u>\$ 130,451</u>	<u>\$ 130,451</u>

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

Town of Kenly, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Kenly conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Kenly is a municipal corporation that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. 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. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

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

The Town 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 accrual basis of accounting.

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

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

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

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

capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. 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. Sales taxes are considered a shared revenue for the Town of Kenly because the tax is levied by Johnston County and then remitted to and distributed by the State. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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.

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances (when they exist) are adopted for the Enterprise Fund Capital Projects Fund, which is consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of Water and Sewer Fund serial bonds issued by the Town are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. 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 purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S.136-41.1 through 136-41.4.

Town of Kenly Restricted Cash

Governmental activities		
General fund		
	Streets	\$ 41,079
	Public safety	7,677
	USDA debt service	16,518
Total Governmental activities		<u>65,274</u>
Business-type activities		
Water and Sewer Fund		
	Customer deposits	<u>65,650</u>
Total Business-type activities		<u>65,650</u>
Total Restricted Cash		<u><u>\$ 130,924</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts

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

6. Inventory Items

The Town does not maintain any inventories.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$10,000; infrastructure, \$50,000; furniture and equipment, \$2,500; and vehicles, \$2,500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Improvements	10-25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

8. 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 assets. 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 method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

In fund 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the Town provide for the accumulation of an unlimited number of days of vacation leave for employees with such leave being fully vested when earned. The Town considers all accrued leave as being a current liability.

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

10. Net Position/Fund Balances

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

11. 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:

Non-spendable Fund Balance – This classification included amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable 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 stature – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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 debt service – the USDA requires that funds be set aside to ensure that the Town has the resources to make the annual payment on installment purchase agreement.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum or Town Of Kenly's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. 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.

Committed for culture and recreation – portion of fund balance assigned by the Board for library operations.

Assigned Fund Balance – portion of fund balance that Town Of Kenly intends to use for specific purposes.

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

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

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None during the year ended June 30, 2020.

2. Contractual Violations

None during the year ended June 30, 2020.

B. Deficit in Fund Balance or Net Position of Individual Funds

None during the year ended June 30, 2020.

C. Excess of Expenditures over Appropriations

Certain departments had overexpenditures of their legally-adopted budgets; this was due to not adequately estimating the effect of year end accruals of accounts payable, as well as not amending the budget for grants and related expenditures of \$135,000.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing

deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits.

The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2020 the Town's deposits had a carrying amount of \$1,528,344 and a bank balance of \$1,592,412. Of the bank balance, \$317,782 was covered by federal depository insurance. At June 30, 2020 the Town's petty cash fund totaled \$75.

2. Investments

At June 30, 2020, the Town of Kenly had \$37,155 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 are net of no allowances for doubtful accounts.

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	\$ 184,248	\$ -	\$ -	\$ 184,248
Construction in progress	-	-	-	-
Total capital assets not being depreciated	184,248	-	-	184,248
Capital assets being depreciated:				
Buildings	755,929	-	-	755,929
Improvements	2,316,330	62,296	-	2,378,626
Equipment	796,033	3,992	-	800,025
Vehicles and motorized equipment	422,794	64,855	-	487,649
Infrastructure	-	-	-	-
Total capital assets being depreciated	4,291,086	131,143	-	4,422,229
Less accumulated depreciation for:				
Buildings	230,318	13,882	-	244,200
Improvements	1,392,111	66,209	-	1,458,320
Equipment	650,041	23,361	-	673,402
Vehicles and motorized equipment	303,823	46,175	-	349,998
Infrastructure	-	-	-	-
Total accumulated depreciation	2,576,293	149,627	-	2,725,920
Total capital assets being depreciated, net	1,714,793			1,696,309
Governmental activity capital assets, net	<u>\$1,899,041</u>			<u>\$1,880,557</u>

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

General government	\$ 16,194
Public safety	56,425
Transportation	6,107
Economic and physical development	-
Environmental protection	35,458
Planning board	-
Cultural and recreational	35,443
Total depreciation expense	<u>\$ 149,627</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
<hr/>				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 28,000	-	-	\$ 28,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>28,000</u>
Capital assets being depreciated:				
Buildings	87,396	-	-	87,396
Plant and distribution systems	6,483,359	-	-	6,483,359
Furniture and maintenance equipment	2,037,673	75,694	-	2,113,367
Total capital assets being depreciated	<u>8,608,428</u>	<u>75,694</u>	<u>-</u>	<u>8,684,122</u>
Less accumulated depreciation for:				
Buildings	3,787	1,748	-	5,535
Plant and distribution systems	2,742,226	169,700	-	2,911,926
Furniture and maintenance equipment	1,517,772	58,381	-	1,576,153
Total accumulated depreciation	<u>4,263,785</u>	<u>229,829</u>	<u>-</u>	<u>4,493,614</u>
Total capital assets being depreciated, net	<u>4,344,643</u>			<u>4,190,508</u>
Business-type activities capital assets, net	<u><u>\$4,372,643</u></u>			<u><u>\$4,218,508</u></u>

Construction commitments

The Town has no active construction projects as of June 30, 2020.

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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 of Kenly employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS

Board of Trustees. The Town of Kenly's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Kenly were \$76,273 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$297,397 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.01089%, which was an increase of (0.00203)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$135,858. 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	\$ 50,922	\$ -
Changes of assumptions	48,471	-
Net difference between projected and actual earnings on pension plan investments	7,254	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	19,879	10,913
Town contributions subsequent to the measurement date	76,273	-
Total	<u>\$ 202,799</u>	<u>\$ 10,913</u>

\$76,273 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	53,230
2022		17,437
2023		31,738
2024		13,208
2025		-
Thereafter		-
		<hr/>
Total	\$	<u>115,613</u>

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

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

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

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

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

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

best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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%
	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total pension liability 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 liability calculated using the discount rate of 7.00% as well as what the Town's proportionate share of the net pension liability or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) 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)	\$ 680,202	\$ 297,397	\$ (20,791)

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The Town of Kenly administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to 85% of the annual equivalent of

the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>7</u>
Total	<u><u>7</u></u>

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions.

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

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

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by

employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$99,022. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$10,052.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,563	\$ 6,618
Changes of assumptions	7,107	4,326
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 12,670</u>	<u>\$ 10,944</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 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	\$ (253)
2022	(253)
2023	(253)
2024	47
2025	846
Thereafter	1,592

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

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 111,020</u>	<u>\$ 99,022</u>	<u>\$ 88,187</u>

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

	2020
Beginning balance	\$ 78,367
Service cost	7,452
Interest on the total pension liability	2,853
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	6,099
Changes of assumptions and other inputs	4,251
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 99,022</u>

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

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

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 135,858	\$ 10,052	\$ 145,910
Pension Liability	297,397	99,022	396,419
Proportionate share of the net pension liability	0.01089%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	50,922	5,563	56,485
Changes of assumptions	48,471	7,107	55,578
Net difference between projected and actual earnings on plan investments	7,254	-	7,254
Changes in proportion and differences between contributions and proportionate share of contributions	19,879	-	19,879
Benefit payments and administrative costs paid subsequent to the measurement date	76,273	-	76,273
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	6,618	6,618
Changes of assumptions	-	4,326	4,326
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,913	-	10,913

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers 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.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$26,501, which consisted of \$15,651 from the Town and \$10,850 from the law enforcement officers.

d. 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 of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The Town contributes each month an amount equal to two percent of eligible employee's salary, and all amounts contributed are vested immediately. Also, the eligible employees' may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$18,053, which consisted of \$10,254 from the Town and \$7,799 from the general employees.

e. Other Employment Benefits

The Town provides no other employment benefits to past, present, or future employees.

2. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to the pension plan in current fiscal year	\$ 76,273
Differences between expected and actual experience	56,485
Changes of assumption	55,578
Net difference between projected and actual earnings on pension plan investments	7,254
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,879
Total	<u>\$ 215,469</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes receivable	-	18,262
Changes in assumptions	4,326	-
Differences between expected and actual experiences	6,618	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,913	-
Total	<u>\$ 21,857</u>	<u>\$ 18,262</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 one self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains workers' compensation coverage up to the statutory limits. The pool is reinsured through commercial companies for single occurrence claims of \$250,000 up to \$5 million for workers' compensation.

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

The Town does not carry flood insurance, as management does not believe any significant bodies of water are located close enough to the town to pose such a risk. Flooding during prior storms has not been a problem.

The Town carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past three fiscal years.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town was not a defendant in any lawsuits.

5. Long-Term Obligations

a. Installment Purchases

In January 2010, the Town entered into an agreement to finance drainage improvements for the street department. The financing contract requires annual payments beginning in the fiscal year 2011 with an interest rate of 5.00%. The principal balance outstanding at June 30, 2020 was \$52,782.

In December 2012, the Town entered into a \$404,800 agreement to finance the purchase and renovation of a building to be used as the town hall. The financing agreement calls for periodic draws until the project has been completed, at which time the town loan will begin amortizing; annual payments are \$22,014 including interest at 3.50%. The principal balance outstanding at June 30, 2020 was \$337,163.

In January 2019, the Town entered into a \$40,000 agreement to finance the purchase of an excavator for use by the street department (1/3) and the water and sewer departments (2/3). The financing contract calls for annual payments to begin in fiscal year 2020 of \$8,909 each including interest at 3.69%. The principal balance outstanding at June 30, 2020 was \$32,571.

In August 2019, the Town entered into a \$70,000 agreement to finance the purchase of two vehicles for use by the police and recreation departments. The financing contract calls for annual payments to begin in fiscal year 2020 of \$14,497 and increase to \$18,872 in fiscal year 2021, including interest at 3.09%. The principal balance outstanding at June 30, 2020 was \$56,651.

Annual debt service payments of the installment purchases as of June 30, 2020, including \$165,277 of interest, are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2021	\$ 49,286	\$ 15,662	\$ 5,135	\$ 803
2022	50,290	14,658	5,327	612
2023	46,883	12,675	5,524	415
2024	16,880	10,880	5,728	211
2025	11,720	10,294	-	-
Thereafter	282,394	99,067	-	-
Totals	<u>\$ 457,453</u>	<u>\$ 163,236</u>	<u>\$ 21,714</u>	<u>\$ 2,041</u>

c. General Obligation Indebtedness

At June 30, 2020, the Town of Kenly had no bonds authorized but unissued and a legal debt margin of \$12,095,285.

d. Changes in Long-Term Liabilities

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 437,231	\$ 70,000	\$ 49,778	\$ 457,453	\$ 49,286
Compensated absences	37,613	2,060	-	39,673	39,673
Net pension liability (LGERS)	142,530	54,971	-	197,501	-
Total pension liability (LEO)	78,367	20,655	-	99,022	-
Governmental activity					
Long-term liabilities	\$ 695,741	\$ 147,686	\$ 49,778	\$ 793,649	\$ 88,959
Business-type activities:					
Installment purchases	\$ 26,667	\$ -	\$ 4,953	\$ 21,714	\$ 5,135
Compensated absences	16,920	7,843	-	24,763	24,763
General obligation notes	-	-	-	-	-
Net pension liability (LGERS)	67,660	32,236	-	99,896	-
Business-type activity					
Long-term liabilities	\$ 111,247	\$ 40,079	\$ 4,953	\$ 146,373	\$ 29,898

C. Interfund Balances and Activity

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

None at June 30, 2020.

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

None during this year.

D. Fund Balance

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

Total fund balance - General Fund		\$ 689,141
Less:		
Stabilization by State Statute	137,717	
Streets - Powell Bill	41,079	
Police - Drug Fund	7,677	
USDA debt service	16,518	
Appropriated Fund Balance 2020-2021	<u>83,759</u>	<u>(286,750)</u>
Remaining Fund Balance		<u>\$ 402,391</u>

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Subsequent Events

Subsequent events were evaluated through January 22, 2021, which is the date the financial statements were available to be issued.

Required
Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

Town of Kenly, North Carolina
Town of Kenly'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>
Kenly's proportion of the net pension liability (asset) (%)	0.01089%	0.00886%	0.01046%	0.01230%	0.01274%	0.01016%	0.01230%
Kenly's proportion of the net pension liability (asset) (\$)	\$ 297,397	\$ 210,190	\$ 159,800	\$ 289,720	\$ 57,176	\$ (59,918)	\$ 148,262
Kenly's covered-employee payroll	\$ 825,729	\$ 760,467	\$ 607,672	\$ 719,428	\$ 711,642	\$ 651,751	\$ 616,750
Kenly's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.02%	27.64%	26.30%	40.27%	8.03%	(9.19%)	24.04%
Plan fiduciary net position as a percentage of the total pension liability**	(1)	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

(1) data not available at the time this schedule was prepared.

**Town of Kenly, North Carolina
Town of Kenly'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	\$ 76,273	\$ 61,221	\$ 47,799	\$ 54,409	\$ 48,875	\$ 46,992	\$ 44,158
Contributions in relation to the contractually required contribution	<u>76,273</u>	<u>61,221</u>	<u>47,799</u>	<u>54,409</u>	<u>48,875</u>	<u>46,992</u>	<u>44,158</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Kenly's covered-employee payroll	\$ 825,729	\$ 760,467	\$ 678,506	\$ 760,646	\$ 719,428	\$ 711,642	\$ 651,751
Contributions as a percentage of covered-employee payroll	9.24%	8.05%	7.04%	7.15%	6.79%	6.60%	6.78%

Town of Kenly, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 78,367	\$ 71,327	\$ 67,544	\$ 60,334
Service Cost	7,452	9,058	6,754	7,168
Interest on the total pension liability	2,853	2,254	2,607	2,154
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	6,099	428	(11,634)	-
Changes of assumptions and other inputs	4,251	(4,700)	6,056	(2,112)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 99,022</u>	<u>\$ 78,367</u>	<u>\$ 71,327</u>	<u>\$ 67,544</u>

Town of Kenly, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 99,022	\$ 78,367	\$ 71,327	\$ 67,544
Covered payroll	287,793	322,501	264,032	309,311
Total pension liability as a percentage of covered payroll	34.41%	24.30%	27.01%	21.84%

Notes to the schedules:

The Town of Kenly has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB 73 to pay related benefits

Individual Fund Statements and Schedules

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 950,886	\$
Penalties and interest		2,113	
Total	897,232	952,999	55,767
Other taxes and licenses:			
Gross receipts tax on short-term rental property		-	
Privilege licenses		520	
Total	-	520	520
Unrestricted intergovernmental:			
Local option sales taxes		340,681	
Telecommunications sales tax		10,401	
Utility sales tax		84,638	
Video franchise fee		3,276	
Gasoline tax refunds		7,754	
Beer and wine tax		6,060	
ABC profit distribution		9,658	
Total	453,690	462,468	8,778
Restricted intergovernmental:			
Powell Bill allocation		43,302	
Recreation Grant - County		85,000	
Tourism Grant		50,000	
Controlled substance tax		741	
Solid waste disposal tax		1,081	
Police fines		366	
Total	42,900	180,490	137,590
Permits and fees:			
Building permits/zoning fees		4,415	
Facility fees		212	
Total	2,608	4,627	2,027
Sales and services:			
Garbage collection		142,572	
Library fees		6,872	
Cable TV franchise fees		1,740	
Recreation department fees		9,709	
Total	165,500	160,893	(4,607)
Investment earnings	100	96	(4)

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Miscellaneous:			
Donations		6,990	
All other		2,851	
Total	10,000	9,841	(159)
Total revenues	1,572,022	1,771,934	199,912
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		2,713	
Professional services		-	
Travel		249	
Election cost		2,338	
Other operating expenditures		2,140	
Community activities		10,812	
Total		18,252	
Administration:			
Salaries and employee benefits		70,111	
Professional services		15,850	
Tax collection		21,510	
Other operating expenditures		173,137	
Capital outlay		-	
Reimbursement - proprietary fund		(17,107)	
Total		263,501	
Code enforcement:			
Salaries and employee benefits		46,348	
Contracted services		4,435	
Professional services		-	
Other operating expenditures		7,758	
Total		58,541	
Total general government	297,512	340,294	(42,782)

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		434,611	
Vehicle maintenance		34,684	
Insurance and bonds		25,652	
Other operating expenditures		42,972	
Capital outlay		67,375	
Total		605,294	
Fire:			
Inspector		-	
Contracted services		121,900	
Total		121,900	
Animal control:			
Departmental supplies		-	
Insurance and bonds		517	
Total		517	
Total public safety	706,579	727,711	(21,132)
Transportation:			
Streets and highways:			
Salaries and employee benefits		75,091	
Vehicle maintenance		8,707	
Street lights		38,782	
Contracted services		165,487	
Other operating expenditures		16,767	
Capital outlay		-	
Total transportation	190,787	304,834	(114,047)
Economic and physical development:			
Economic development		27,386	
Total economic and physical development	32,500	27,386	5,114
Environmental protection:			
Solid waste:			
Contracted services		81,574	
Insurance and bonds		1,580	
Total		83,154	

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Cemetery:			
Other operating expenditures		-	
Total		-	
Total environmental protection	87,700	83,154	4,546
Planning board:			
Insurance and bonds		1,491	
Other operating expenditures		-	
Total planning board	2,628	1,491	1,137
Culture and recreation:			
Library:			
Salaries and employee benefits		70,047	
Utilities		2,612	
Other operating expenditures		13,275	
Capital outlay		-	
Total		85,934	
Parks and recreation:			
Salaries and employee benefits		62,903	
Utilities		34,679	
Contracted services		12,213	
Departmental supplies		17,082	
Other operating expenditures		18,240	
Capital outlay		63,768	
Total		208,855	
Total culture and recreation	318,210	294,819	23,391
Debt service:			
Principal retirement	29,923	49,778	(19,855)
Interest and other charges	16,183	17,300	(1,117)
Total debt service	46,106	67,078	(20,972)
Total expenditures	1,682,022	1,846,767	(164,745)
Revenues over (under) expenditures	(110,000)	(74,833)	35,167

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Other financing sources (uses):			
Fund balance appropriated	50,000	-	(50,000)
Installment purchase proceeds	60,000	70,000	10,000
Transfers (to) from other funds	-	-	-
Grant Projects Funds	-	-	-
Sale of capital assets	-	-	-
Total	<u>110,000</u>	<u>70,000</u>	<u>(40,000)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(4,833)	<u>\$ (4,833)</u>
Fund balances:			
Beginning of year, July 1		<u>693,974</u>	
End of year, June 30		<u>\$ 689,141</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales	\$	\$ 483,018	\$
Sewer charges		755,276	
Water and sewer taps		10,930	
Other operating revenues		53,544	
Total operating revenues	1,319,638	1,302,768	(16,870)
Nonoperating revenues:			
Investment earnings	250	251	1
Total revenues	1,319,888	1,303,019	(16,869)
Expenditures:			
Water and sewer administration:			
Salaries and employee benefits		188,988	
Professional services		14,918	
Supplies		4,250	
Insurance		9,627	
Other operating expenditures		10,344	
Contracted services		21,561	
Utility service fee		17,107	
Total water and sewer administration	236,851	266,795	(29,944)
Water treatment and distribution:			
Salaries and employee benefits		83,608	
Water purchases		180,982	
Contracted services		20,696	
Other operating expenditures		40,719	
Total water treatment and distribution	329,080	326,005	3,075
Waste collection and treatment:			
Salaries and employee benefits		170,904	
Contracted services		265,445	
Supplies		55,916	
Maintenance and repairs		30,555	
Other operating expenditures		79,887	
Total waste collection	598,457	602,707	(4,250)
Debt service:			
Interest and other charges	1,000	986	14
Principal retirement	5,000	4,953	47
Total debt service	6,000	5,939	61
Capital outlay:			
Water extensions	-	-	-
Miscellaneous water	66,750	37,847	28,903
Sewer extensions	-	-	-
Miscellaneous sewer	66,750	37,847	28,903
Total capital outlay	133,500	75,694	57,806
Total expenditures	1,303,888	1,277,140	26,748
Revenues over expenditures	16,000	25,879	9,879

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources (uses):			
Installment obligation	6,000	-	(6,000)
Transfer to other fund:			
Water and Sewer Capital Project	-	-	-
Net position appropriated	-	-	-
Total other financing sources (uses)	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Revenues and other sources over expenditures and other uses	<u>\$ 22,000</u>	<u>\$ 25,879</u>	<u>\$ 3,879</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		4,953	
Capital outlay		75,694	
(Increase) in accrued vacation pay		(7,843)	
(Increase) in accrued interest payable		(423)	
Depreciation		(229,829)	
(Increase) in net pension liability		(32,236)	
Increase in deferred outflows of resources - pensions		12,508	
Decrease in deferred inflows of resources - pensions		2,507	
Total reconciling items		<u>(174,669)</u>	
Change in net position		<u>\$ (148,790)</u>	

Other Schedules

This section contains additional information required on property taxes.

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

Town of Kenly, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
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>
2019-2020	\$ -	\$ 959,581	\$ 947,076	\$ 12,505
2018-2019	3,860	-	2,082	1,778
2017-2018	2,028	-	817	1,211
2016-2017	1,268	-	590	678
2015-2016	678	-	647	31
2014-2015	459	-	428	31
2013-2014	482	-	-	482
2012-2013	715	-	25	690
2011-2012	560	-	-	560
2010-2011	296	-	-	296
2009-2010	732	-	732	-
	<u>\$ 11,078</u>	<u>\$ 959,581</u>	<u>\$ 952,397</u>	<u>18,262</u>
Plus: uncollected 2019-2020 ad valorem taxes receivable annually registered vehicles				-
Less: allowance for uncollectible accounts: General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 18,262</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 952,999
Reconciling items:				
Interest collected				(2,113)
Discounts allowed				-
Taxes written off or released				<u>1,511</u>
Subtotal				<u>(602)</u>
Total collections and credits				<u>\$ 952,397</u>

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

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 151,543,770	0.61	\$ 924,417	\$ 864,384	\$ 60,033
Registered motor vehicles taxed at prior year's rate	-		-	-	-
Penalties	-		-	-	-
Total	<u>151,543,770</u>		<u>924,417</u>	<u>864,384</u>	<u>60,033</u>
Discoveries:					
Current year taxes	5,764,590	0.61	35,164	35,164	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Abatements	<u>(127,705)</u>	0.61	<u>(779)</u>	<u>(779)</u>	-
Total property valuation	<u>157,180,655</u>				
Net levy			958,802	898,769	60,033
Uncollected taxes at June 30, 2020			<u>(12,505)</u>	<u>(12,505)</u>	-
Current year's taxes collected			<u>\$ 946,297</u>	<u>\$ 886,264</u>	<u>\$ 60,033</u>
Current levy collection percentage			<u>98.7%</u>	<u>98.6%</u>	<u>100.0%</u>

