

TOWN OF RAMSEUR, NORTH CAROLINA

FINANCIAL STATEMENTS

June 30, 2020

TOWN OF RAMSEUR, NORTH CAROLINA

BOARD OF COMMISSIONERS

Vicki Caudle, Mayor

Tanya Kenyon

Jim McIntosh, Mayor Pro-Tem

Tim Cranford

Tim Matthews

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OFFICIALS

Rigo Madrid

Finance Officer

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Ramseur
Ramseur, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ramseur, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Ramseur Board of Alcoholic Beverage Control, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Ramseur Board of Alcoholic Beverage Control, is based solely on the report of another auditor. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on Business-Type Activities

Water and sewer receivables were not properly recorded in the Town's software. Additionally, the Town could not provide the auditor with sufficient documentation regarding water and sewer receivables due to loss of information during software and staffing transitions. Therefore, water and sewer revenues cannot be stated as materially correct.

Qualified Opinion

In my opinion, except for the effects of the matter described in "Basis for Qualified Opinion Business-Type Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Town of Ramseur, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund other than the Water and Sewer Fund, and the aggregate remaining fund information of the Town of Ramseur, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Asset and Contributions, on pages 59 and 60, 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 61 and 62 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. I and the other auditor have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information will not include a Schedule of Employer Contributions for the Firefighters' and Rescue Squad Workers' pension plan because no employer contributions are made to the plan.

Supplementary and Other Information

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

The combining and individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me and other auditors.

To the Honorable Mayor and
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In my opinion, based on my audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive, flowing style.

William R. Huneycutt, CPA, PLLC
Asheboro, North Carolina

July 8, 2022

Management's Discussion and Analysis

As management of the Town of Ramseur (the "Town"), we offer readers of the Town of Ramseur's financial statements this narrative overview and analysis of the financial activities of the Town of Ramseur 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 City's financial statements, which follow this narrative.

Financial Highlights

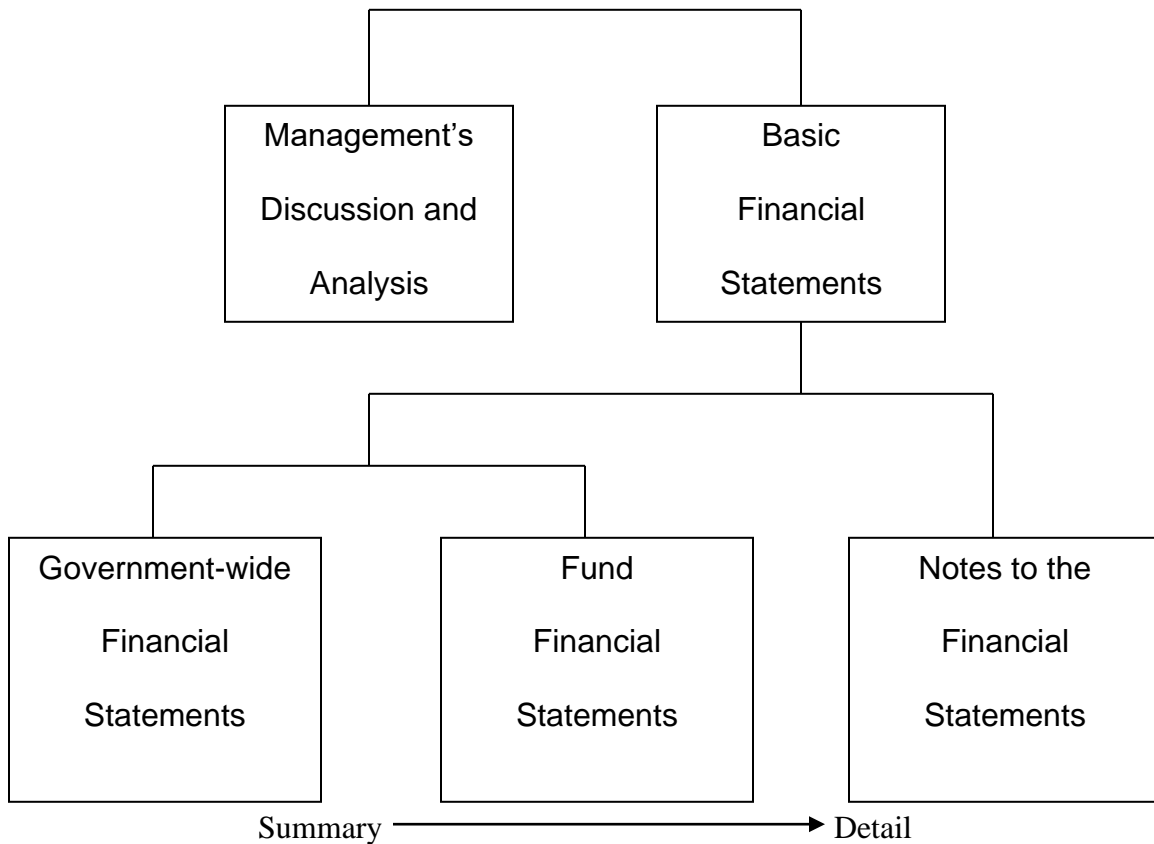
- The assets and deferred outflows of resources of the Town of Ramseur exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,111,431 (*net position*).
- The government's total net position decreased by \$82,637, primarily due to a decrease in water revenues due to the COVID-19 pandemic.
- As of the close of the current fiscal year, the Town of Ramseur's governmental funds reported combined ending fund balances of \$1,390,965 with a net decrease of \$96,102 in fund balance. Approximately 37.15% of this total amount, or \$516,788, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$700,923, or 43.13% of total general fund expenditures and transfers out for the fiscal year.
- The Town of Ramseur's total debt decreased by \$167,485 (14.64%) during the current fiscal year. The key factor in this decrease was due to the payment towards principal on long-term obligations.

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Ramseur. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

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

Fund Financial Statements

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

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

The Town of Ramseur adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Ramseur 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 Ramseur uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Ramseur's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis
Town of Ramseur's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total Ramseur		ABC Board	
	2020	2019	2020	2019	2020	2019	2020	2019
Current and other assets	1,314,671	1,547,823	1,595,264	1,673,727	2,909,935	3,221,550	139,195	108,193
Capital assets	1,638,818	1,661,641	6,635,059	6,808,414	8,273,877	8,470,055	62,940	70,872
Total other assets	-	-	-	-	-	-	2,004	3,097
Deferred outflows of resources	134,269	108,303	8,523	7,751	142,792	116,054	-	-
Total assets	3,224,939	3,317,767	8,403,351	8,489,892	11,628,290	11,807,659	204,139	182,162
Long-term liabilities outstanding	782,136	724,627	392,885	533,040	1,175,021	1,257,667	40,123	82,659
Other liabilities	103,141	111,373	234,107	235,075	337,248	346,448	117,007	103,154
Deferred inflows of resources	4,275	13,687	315	649	4,590	14,336	-	-
Total liabilities and deferred inflows of resources	889,552	849,687	627,307	768,764	1,516,859	1,618,451	157,130	185,813
Net Position:								
Invested in capital assets, net of related debt	1,186,520	1,186,259	6,110,457	6,139,411	7,296,977	7,325,670	62,940	70,872
Restricted	552,977	435,177	-	-	552,977	435,177	26,248	19,476
Unrestricted	595,890	846,644	1,665,587	1,586,577	2,261,477	2,433,221	-42,179	-93,999
Total net position	2,335,387	2,468,080	7,776,044	7,725,988	10,111,431	10,194,068	47,009	-3,651

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 Ramseur exceeded liabilities and deferred inflows by \$10,111,431 as of June 30, 2020. The Town's net position decreased by \$82,637 for the fiscal year ended June 30, 2020. However, the largest portion (72.17%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Ramseur uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ramseur's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Ramseur's net position, \$552,977, represents resources that are subject to external restrictions on how they may be used.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.09%. The statewide average in fiscal year 2020 was 98.96%.

(continued on next page)

Town of Ramseur's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	149,999	148,559	1,153,784	1,179,753	1,303,783	1,328,312
Operating grants and contributions	90,860	87,904	-	-	90,860	87,904
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	820,630	795,838	-	-	820,630	795,838
Other taxes	-	-	-	-	-	-
Grants and contributions not Restricted to specific programs	491,757	477,436	-	-	491,757	477,436
Other	44,468	17,415	14,225	335	46,355	17,750
Total Revenues	1,597,714	1,527,152	14,225	1,180,088	1,360,165	2,839,590
Expenses						
General government	284,968	241,572	-	-	284,968	241,572
Public Safety	687,657	636,017	-	-	687,657	636,017
Highway/streets	432,417	406,479	-	-	432,417	406,479
Environmental protection	144,318	146,001	-	-	144,318	146,001
Cultural and recreational	181,047	179,621	-	-	181,047	179,621
Water and sewer	-	-	1,117,953	1,039,681	1,117,953	1,039,681
Total Expenses	1,725,264	1,609,690	1,117,953	1,039,681	2,848,360	2,649,371
Transfers	-	-	-	-	-	-
Increase in Net Position	-132,693	-82,538	50,056	140,407	-82,637	57,869
Net position, July 1	2,468,080	2,550,618	7,725,988	7,585,581	10,194,068	10,136,199
Net position, June 30	2,335,387	2,468,080	7,776,044	7,725,988	10,111,431	10,194,068

Governmental activities. Governmental activities decreased the Town's net position by \$132,693. This decrease is due to a combination of a reduction in revenues due to the COVID-19 pandemic.

Business-type activities. Business-type activities increased the Town of Ramseur's net position by \$50,056. This increase is due to collection of charges for services.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Ramseur. At the end of the current fiscal year, Town of Ramseur's fund balance available in the General Fund was \$700,923, while total fund balance reached \$1,341,489.

At June 30, 2020, governmental funds reported a combined fund balance of \$1,390,965 with a net decrease in fund balance of \$96,102.

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.

The original General Fund budget for 2019-20 was adopted at \$1,745,724. There were several reasons the Town revised its budget throughout the year.

Proprietary Funds. The Town of Ramseur's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,665,587. The total change in net position for the Water and Sewer Fund was a increase of \$50,056. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Ramseur's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Ramseur's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$7,296,977 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles.

Town of Ramseur's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	71,340	71,340	926,353	926,353	997,693	997,693
Construction in progress	-	-	-	-	-	-
Buildings	693,643	723,383	12,348	13,162	705,991	736,545
Equipment	63,587	83,425	806,926	803,476	870,513	886,901
Other Improvements	133,644	114,608	-	-	133,644	114,608
Vehicles and motorized equipment	113,510	66,426	2	2	113,512	66,428
Infrastructure	563,094	602,459	-	-	563,094	602,459
Furniture and fixtures	-	-	-	-	-	-
Plant and distribution systems	-	-	4,889,430	5,065,421	4,889,430	5,065,421
Total	1,638,818	1,661,641	6,635,059	6,808,414	8,273,877	8,470,055

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

Long-term Debt. As of June 30, 2020, the Town of Ramseur had total bonded debt outstanding of \$210,547, which is backed by the full faith and credit of the Town. The remainder of the Town's debt represents non-general obligation bonds and other long-term obligations.

Town of Ramseur Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	-	-	210,547	329,782	210,547	329,782
Non-general obligation bonds	-	-	-	-	-	-
Other long-term obligations	452,298	475,382	314,055	339,221	766,353	814,603
Total	452,298	497,499	524,602	817,520	976,900	1,315,019

Town of Ramseur's Outstanding Debt. The Town of Ramseur's total debt decreased by \$167,485 (14.64%) during the current fiscal year. The key factor in this decrease was the payment made toward debt principal.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Ramseur is \$8,676,704.

Additional information regarding the Town of Ramseur's long-term debt can be found in Note 3 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Several new businesses have opened in the Town's corporate limits
- There have been multiple requests from property owners asking to be rezoned as commercial, in anticipation of the future Highway 64 By-pass completion.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes are expected to increase by nearly 7%, or approximately \$55,000. The Town will use these increases in revenues to finance programs currently in place. Additionally, the Town has appropriated \$124,200 from fund balance from the General Fund.

Business-type Activities: The Town included an appropriation of \$73,847 from fund balance in the sewer fund. This will fund primarily an infiltration project that is critical to the public health for the Town.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Carol Akers, Finance Officer, at PO Box 545, Ramseur, NC 27316. Phone 336-824-8530, email - townclerk@townoframseur.org.

TOWN OF RAMSEUR, NORTH CAROLINA

STATEMENT OF NET POSITION

June 30, 2020

	Primary Government			Town of Ramseur
	Governmental	Business-type	Total	ABC Board
	Activities	Activities		
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$ 1,011,751	\$ 1,516,440	\$ 2,528,191	\$ 20,845
Taxes Receivable (Net)	15,040	-	15,040	-
Internal Balances	(14,007)	14,007	-	-
Inventories	-	24,561	24,561	118,350
Accounts Receivable (Net)	8,652	125,937	134,589	-
Due from Other Governments	127,496	-	127,496	-
Total Current Assets	<u>1,148,932</u>	<u>1,680,945</u>	<u>2,829,877</u>	<u>139,195</u>
Non-Current Assets:				
Restricted Cash and Cash Equivalents	302,920	78,824	381,744	-
Capital Assets (Note 1):				
Land, Non-Depreciable Improvements, and Construction in Progress	71,340	926,353	997,693	-
Other Capital Assets, Net of Depreciation	<u>1,567,478</u>	<u>5,708,706</u>	<u>7,276,184</u>	<u>62,940</u>
Total Non-Current Assets	<u>1,941,738</u>	<u>6,713,883</u>	<u>8,655,621</u>	<u>62,940</u>
Other Assets:				
Organizational Costs, Net of Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,004</u>
Total Other Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,004</u>
Total Assets	<u>3,090,670</u>	<u>8,394,828</u>	<u>11,485,498</u>	<u>204,139</u>
Deferred Outflows of Resources:				
Pension Deferrals	<u>134,269</u>	<u>8,523</u>	<u>142,792</u>	<u>-</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	37,889	5,993	43,882	31,552
Taxes Payable	-	-	-	32,797
Accrued Liabilities	4,942	-	4,942	3,109
Note Payable - Current	24,094	-	24,094	37,933
Credit Line Payable	-	-	-	11,616
General Obligation Bonds Payable	-	120,017	120,017	-
Non-General Obligation Bonds Payable	-	25,587	25,587	-
Compensated Absences Payable	36,216	3,686	39,902	-
Payable from Restricted Assets	<u>-</u>	<u>78,824</u>	<u>78,824</u>	<u>-</u>
Total Current Liabilities	<u>103,141</u>	<u>234,107</u>	<u>337,248</u>	<u>117,007</u>
Long-Term Liabilities:				
Net Pension Liability	169,072	13,887	182,959	-
Total Pension Liability	184,860	-	184,860	-
Due in More Than One Year	<u>428,204</u>	<u>378,998</u>	<u>807,202</u>	<u>40,123</u>
Total Liabilities	<u>\$ 885,277</u>	<u>\$ 626,992</u>	<u>\$ 1,512,269</u>	<u>\$ 157,130</u>

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

TOWN OF RAMSEUR, NORTH CAROLINA

STATEMENT OF NET POSITION

June 30, 2020

	Primary Government			Town of Ramseur ABC Board
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources:				
Unearned Revenue - Taxes	446	-	446	-
Pension Deferrals	3,829	315	4,144	-
Total Deferred Inflows of Resources	<u>4,275</u>	<u>315</u>	<u>4,590</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets:	1,186,520	6,110,457	7,296,977	62,940
Restricted for:				
Stabilization by State Statute	213,446	-	213,446	-
Streets	258,533	-	258,533	-
Economic Development	421	-	421	-
Cultural and Recreational	36,611	-	36,611	-
Working Capital		-	-	26,248
Pursuant to Loan Requirements	43,966	-	43,966	-
Unrestricted	595,890	1,665,587	2,261,477	(42,179)
Total Net Position	<u>\$ 2,335,387</u>	<u>\$ 7,776,044</u>	<u>\$ 10,111,431</u>	<u>\$ 47,009</u>

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

TOWN OF RAMSEUR, NORTH CAROLINA**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Ramseur ABC Board
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 284,968	\$ 10,312	\$ -	\$ -	\$ (274,656)	\$ -	\$ (274,656)	\$ -
Public Safety	687,657	-	30,000	-	(657,657)	-	(657,657)	-
Transportation	432,417	-	48,860	-	(383,557)	-	(383,557)	-
Environmental Protection	144,318	124,237	-	-	(20,081)	-	(20,081)	-
Cultural and Recreational	181,047	15,450	12,000	-	(153,597)	-	(153,597)	-
Total Governmental Activities (See Note 1)	1,730,407	149,999	90,860	-	(1,489,548)	-	(1,489,548)	
Business-Type Activities:								
Water and Sewer	1,117,953	1,153,784	-	-	-	35,831	35,831	-
Total Business-Type Activities	1,117,953	1,153,784	-	-	-	35,831	35,831	-
Total Primary Government	\$ 2,848,360	\$ 1,303,783	\$ 90,860	\$ -	(1,489,548)	35,831	(1,453,717)	-
Component Unit:								
ABC Board	\$ 631,788	\$ 682,448	\$ -	\$ -	-	-	-	50,660
Total Component Unit	\$ 631,788	\$ 682,448	\$ -	\$ -	-	-	-	50,660
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purpose					820,630	-	820,630	-
Grants and Contributions Not Restricted to Specific Programs					491,757	-	491,757	-
Unrestricted Investment Earnings					1,423	-	1,423	-
Insurance Reimbursement					10,915	-	-	-
Miscellaneous					32,130	14,225	46,355	-
Total General Revenues Not Including Transfers					1,356,855	14,225	1,360,165	-
Transfers					-	-	-	-
Total General Revenues and Transfers					1,356,855	14,225	1,360,165	-
Change in Net Position					(132,693)	50,056	(82,637)	50,660
Net Position-Beginning					2,468,080	7,725,988	10,194,068	(3,651)
Net Position-Ending					\$ 2,335,387	\$ 7,776,044	\$ 10,111,431	\$ 47,009

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

TOWN OF RAMSEUR, NORTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>Major Fund</u>	<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Nonmajor</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 952,347	\$ 59,404	\$ 1,011,751
Restricted Cash	302,920	-	302,920
Receivables, Net:			
Taxes	14,582	458	15,040
Accounts	7,957	695	8,652
Due from Other Funds	10,623	-	10,623
Due from Other Governments	127,496	-	127,496
Total Assets	<u>\$ 1,415,925</u>	<u>\$ 60,557</u>	<u>\$ 1,476,482</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 37,889	\$ -	\$ 37,889
Due to Other Funds	14,007	10,623	24,630
Total Liabilities	<u>51,896</u>	<u>10,623</u>	<u>62,519</u>
Deferred Inflows of Resources:			
Property Taxes Receivable	14,137	458	14,595
Unearned Revenue - Taxes	446	-	446
Sanitation Fees Receivable	7,957	-	7,957
Total Deferred Inflows of Resources	<u>22,540</u>	<u>458</u>	<u>22,998</u>
Fund Balances:			
Non Spendable			
Library Expansion	-	422	422
Restricted:			
Stabilization by State Statute	213,446	-	213,446
Streets-Powell Bill	258,533	-	258,533
Economic Development	421	-	421
Public Safety	43,966	-	43,966
Assigned			
Cultural and Recreation	-	36,189	36,189
Subsequent Year's Expenditures	124,200	12,865	137,065
Unassigned	700,923	-	700,923
Total Fund Balances	<u>1,341,489</u>	<u>49,476</u>	<u>1,390,965</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,415,925</u>	<u>\$ 60,557</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Gross capital assets at historical cost	\$ 4,432,829		
Accumulated depreciation	<u>(2,794,011)</u>		1,638,818
Liabilities for earned revenues considered deferred inflows of resources in fund statements.			22,552
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Gross long-term debt less Internal Service Funds beginning		(677,853)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)		<u>4,479</u>	(673,374)
Net Pension Liability			(169,072)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position			134,269
Other long-term liabilities (accrued interest) are not due and payable in the current period and, therefore, are not reported in the funds			(4,942)
Pension related deferrals			<u>(3,829)</u>
Net position of governmental activities			<u>\$ 2,335,387</u>

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

TOWN OF RAMSEUR, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	<u>Major Funds</u>		
	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 790,953	\$ 27,713	\$ 818,666
Unrestricted Intergovernmental	491,757	-	491,757
Restricted Intergovernmental	90,860	-	90,860
Permits and Fees	10,312	-	10,312
Sales and Services	126,718	12,969	139,687
Investment Earnings	1,423	-	1,423
Special Events	-	9,580	9,580
Miscellaneous	1,528	4,788	6,316
Total Revenues	<u>1,513,551</u>	<u>55,050</u>	<u>1,568,601</u>
Expenditures:			
Current:			
General Government	275,461	-	275,461
Public Safety	706,377	-	706,377
Transportation - Streets	386,930	-	386,930
Environmental Protection	139,204	-	139,204
Cultural and Recreational	117,356	66,271	183,627
Total Expenditures	<u>1,625,328</u>	<u>66,271</u>	<u>1,691,599</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(111,777)</u>	<u>(11,221)</u>	<u>(122,998)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(111,777)</u>	<u>(11,221)</u>	<u>(122,998)</u>
Other Financing Sources (Uses):			
Insurance Reimbursements	10,915	-	10,915
Sale of Assets	15,981	-	15,981
Transfers from Other Funds	10,000	(10,000)	-
Total Other Financing Sources (Uses)	36,896	(10,000)	26,896
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(74,881)</u>	<u>(21,221)</u>	<u>(96,102)</u>
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(74,881)</u>	<u>(21,221)</u>	<u>(96,102)</u>
Fund Balances, Beginning	<u>1,416,370</u>	<u>70,697</u>	<u>1,487,067</u>
Fund Balances, Ending	<u><u>\$ 1,341,489</u></u>	<u><u>\$ 49,476</u></u>	<u><u>\$ 1,390,965</u></u>

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

TOWN OF RAMSEUR, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****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	\$	(96,102)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 108,466	
Depreciation expense for governmental assets	<u>(131,289)</u>	(22,823)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	36,973
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Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	5,550
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	1,964	
Change in unavailable revenue for sanitation revenues	<u>-</u>	1,964

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payment on long-term debt	23,084	
Decrease in accrued interest payable	<u>253</u>	23,337

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	7,953	
Pension expense	<u>(89,545)</u>	<u>(81,592)</u>

Total changes in net position of governmental activities	\$	<u><u>(132,693)</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF RAMSEUR, NORTH CAROLINA**GENERAL FUND**
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad Valorem Taxes	\$ 824,934	\$ 790,208	\$ 790,953	\$ 745
Unrestricted Intergovernmental	441,100	484,100	491,757	7,657
Restricted Intergovernmental	62,010	62,010	90,860	28,850
Permits and Fees	6,500	8,000	10,312	2,312
Sales and Services	133,480	132,380	126,718	(5,662)
Investment Earnings	2,500	2,500	1,423	(1,077)
Miscellaneous	2,635	2,235	1,528	(707)
Total Revenues	1,473,159	1,481,433	1,513,551	32,118
Expenditures:				
Current:				
General Government	268,700	268,700	275,461	(6,761)
Public Safety	778,500	778,500	706,377	72,123
Transportation - Streets	469,000	469,000	386,930	82,070
Environmental Protection	152,600	152,600	139,204	13,396
Cultural and Recreational	176,924	176,924	117,356	59,568
Total Expenditures	1,845,724	1,845,724	1,625,328	220,396
Revenues Over (Under) Expenditures	(372,565)	(364,291)	(111,777)	252,514
Other Financing Sources (Uses):				
Insurance Reimbursements	-	-	10,915	(10,915)
Sale of Assets	100	100	15,981	(15,881)
Transfers from Other Funds	-	-	10,000	(10,000)
Total	100	100	36,896	(36,796)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	100	(364,191)	(74,881)	215,718
Fund Balance Appropriated	372,465	364,191	-	(364,191)
Net Change in Fund Balance	\$ -	\$ -	(74,881)	\$ (74,881)
Fund Balance, Beginning			1,416,370	
Fund Balance, Ending			\$ 1,341,489	

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

TOWN OF RAMSEUR, NORTH CAROLINA**STATEMENT OF NET POSITION****PROPRIETARY FUND**

June 30, 2020

	Major Enterprise Fund	
	Water and Sewer Fund	Total
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 1,516,440	\$ 1,516,440
Accounts Receivable (Net)	125,937	125,937
Internal Balances	14,007	14,007
Inventories	24,561	24,561
Total Current Assets	<u>1,680,945</u>	<u>1,680,945</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	78,824	78,824
Capital Assets:		
Land and Construction in Progress	926,353	926,353
Other Capital Assets, Net of Depreciation	<u>5,708,706</u>	<u>5,708,706</u>
Capital Assets (Net)	<u>6,635,059</u>	<u>6,635,059</u>
Total Noncurrent Assets	<u>6,713,883</u>	<u>6,713,883</u>
Total Assets	<u>8,394,828</u>	<u>8,394,828</u>
Deferred Outflows of Resources:		
Pension Deferrals	<u>8,523</u>	<u>8,523</u>
Liabilities:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	5,993	5,993
Compensated Absences - Current	3,686	3,686
General Obligation Bonds Payable - Current	120,017	120,017
Non-General Obligation Bonds Payable - Current	<u>25,587</u>	<u>25,587</u>
Total Current Liabilities	<u>155,283</u>	<u>155,283</u>
Noncurrent Liabilities:		
Liabilities Payable from Restricted Assets:		
Customer Deposits	78,824	78,824
Other Noncurrent Liabilities:		
Net Pension Liability	13,887	13,887
General Obligation Bonds Payable - Noncurrent	90,530	90,530
Non-General Obligation Bonds Payable - Noncurrent	<u>288,468</u>	<u>288,468</u>
Total Noncurrent Liabilities	<u>471,709</u>	<u>471,709</u>
Total Liabilities	<u>626,992</u>	<u>626,992</u>
Deferred Inflows of Resources		
Pension Deferrals	<u>315</u>	<u>315</u>
Net Position:		
Net Investment in Capital Assets	6,110,457	6,110,457
Unrestricted	<u>1,665,587</u>	<u>1,665,587</u>
Total Net Position	<u>\$ 7,776,044</u>	<u>\$ 7,776,044</u>

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

TOWN OF RAMSEUR, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**
PROPRIETARY FUND

For the Year Ended June 30, 2020

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
Operating Revenues:		
Charges for Services	\$ 1,133,351	\$ 1,133,351
Water and Sewer Taps	6,550	6,550
Other Operating Revenues	13,883	13,883
Miscellaneous	<u>1,822</u>	<u>1,822</u>
Total Operating Revenues	<u>1,155,606</u>	<u>1,155,606</u>
Operating Expenses:		
Water Treatment and Distribution	559,079	559,079
Wastewater Collection and Treatment	265,399	265,399
Depreciation	<u>286,020</u>	<u>286,020</u>
Total Operating Expenses	<u>1,110,498</u>	<u>1,110,498</u>
Operating Income (Loss)	<u>45,108</u>	<u>45,108</u>
Nonoperating Revenues (Expenses):		
Interest and Other Charges	(7,455)	(7,455)
Sale of Assets	12,403	12,403
Sales Tax Refund	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>4,948</u>	<u>4,948</u>
Income (Loss) Before Contributions and Transfers	50,056	50,056
Transfer to Other Funds		-
Capital Contributions	<u>-</u>	<u>-</u>
Change in Net Position	<u>50,056</u>	<u>50,056</u>
Total Net Position, Beginning	<u>7,725,988</u>	<u>7,725,988</u>
Total Net Position, Ending	\$ <u><u>7,776,044</u></u>	\$ <u><u>7,776,044</u></u>

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

TOWN OF RAMSEUR, NORTH CAROLINA**STATEMENT OF CASH FLOWS****PROPRIETARY FUND**

For the Year Ended June 30, 2020

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 1,159,951	\$ 1,159,951
Cash Paid for Goods and Services	(874,502)	(874,502)
Cash Paid to or on Behalf of Employees for Services	47,597	47,597
Net Cash Provided (Used) by Operating Activities	<u>333,046</u>	<u>333,046</u>
Cash Flows From Noncapital Financing Activities:		
(Increase) in Due from Other Funds	-	-
Transfer to Other Funds	-	-
Total Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(112,664)	(112,664)
Sale of Fixed Assets	12,403	12,403
Principal Paid on Bond and Note Maturities	(144,400)	(144,400)
Interest Paid on Bond and Note Maturities	(7,455)	(7,455)
Refund of Sales Tax and Other Revenue	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(252,116)</u>	<u>(252,116)</u>
Cash Flows From Investing Activities:		
Interest and Dividends	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	<u>80,930</u>	<u>80,930</u>
Balance - Beginning	<u>1,514,334</u>	<u>1,514,334</u>
Balance - Ending	<u>\$ 1,595,264</u>	<u>\$ 1,595,264</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ <u>45,108</u>	\$ <u>45,108</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	<u>286,020</u>	<u>286,020</u>
Changes in Assets, Deferred Outflows of Resources, and Liabilities:		
(Increase) Decrease in Accounts Receivable	(252)	(252)
(Increase) Decrease in Deferred Outflows of Resources for Pensions	(772)	(772)
Increase (Decrease) in Net Pension Liability	5,010	5,010
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(334)	(334)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(3,955)	(3,955)
Increase (Decrease) in Compensated Absences	558	558
Increase (Decrease) in Customer Deposits	1,663	1,663
Total Adjustments	<u>287,938</u>	<u>287,938</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 333,046</u>	<u>\$ 333,046</u>

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

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

For The Fiscal Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies

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

Reporting Entity

The Town is a municipal corporation that is governed by an elected mayor and a five-member council and has a population of approximately 2,048. The Town provides services which include general government, public safety, streets, sanitation, zoning, and recreation. The Town maintains a water and sewer system which services the Town and surrounding areas on a user-charge basis.

Town of Ramseur ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Ramseur Board of Alcoholic Beverage Control, 104 Weatherly Square, Ramseur, NC 27316.

Basis of Presentation

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

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

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

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 nonmajor funds.

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

Hinshaw Non-Expendable Trust Fund. This fund is used to account for perpetual care of library assets.

Special Revenue Fund. The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town maintains one Special Revenue Fund: the Recreation Fund.

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.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Concluded)

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered.

The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Ramseur because the tax is levied by Randolph County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Grant Project Special Revenue Funds and the Special Revenue Project. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Data (Concluded)

amendments must be approved by the governing board. 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.

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

Deposits and Investments

All deposits of the Town and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, and bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board 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 and the ABC 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 and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Restricted Assets

Restricted assets in the Water and Sewer Fund are composed of cash balances representing customer deposits for water and sewer services. Restricted assets in the General Fund are composed of cash balances representing a gift which may not be expended; however, the income resulting from investing this cash is to be used for revitalization of the Town, and monies restricted from a gift for use by the fire department only. Powell Bill funds are also classified as restricted cash because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Restricted Cash

Governmental Activities:

General Fund

Streets – Powell Bill	\$	258,533
Economic Development		421
Public Safety		43,966
Total Governmental Activities		<u>302,920</u>

Business-type Activities:

Water and Sewer Fund

Customer Deposits		<u>78,824</u>
Total Business-type Activities		<u>78,824</u>

Total Restricted Cash	\$	<u>381,744</u>
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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 September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance 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.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Inventory

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories are expensed when consumed rather than when purchased.

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, buildings, improvements, lines, and other plant and distribution systems, infrastructure, furniture and equipment, vehicles and motorized equipment, and computer software and equipment, \$3,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20
Buildings	50
Improvements	20
Vehicles	5-15
Furniture and Equipment	5-10
Computer Equipment	3-5
Computer Software	5

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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.

Compensated Absences

Employees earn from twelve days up to twenty-four days a year of vacation leave based on years of service. Carryover of up to thirty days of unused vacation days is allowed, thus the portion of that time that is estimated to be used the next fiscal year has been designated as a current liability in the government-wide financial statements.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Compensated Absences (Concluded)

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Hinshaw Non-Expendable Trust Fund. This fund is used to account for perpetual care of library assets.

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Net Position/Fund Balances (Continued)

Fund Balances (Continued)

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceeding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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

Restricted for Economic Development - portion of fund balance that is restricted by revenue source for revitalization of the Town.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire department debt service reserve.

Assigned Fund Balance - portion of fund balance that the Town of Ramseur intends to use for specific purposes.

Assigned for Cultural and Recreational - portion of fund balance that has been budgeted by the Board for library and recreational expenditures.

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.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 – Summary of Significant Accounting Policies (Concluded)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Concluded)

Net Position/Fund Balances (Concluded)

Fund Balances (Concluded)

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

The Board of Commissioners has the authority to assign fund balance to a specific purpose. The annual budget is approved by the Board and the Finance Officer has the authority to spend resources in accordance with the budget.

Defined Benefit Cost-Sharing Plans

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 Ramseur's employer contributions are recognized when due and the Town of Ramseur 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.

Note 2 – Stewardship, Compliance, and Accountability

Significant Violations of Finance – Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

The Town paid obligations incurred from invoices that did not bear on their face a pre-audit certificate in violation of G.S. 159-28(a). The Town agrees with this finding and will use the pre-audit certificate on the required documents when checks are issued.

The Finance Officer did not complete the required semi-annual report on deposits and investments in a timely manner in accordance with NC General Statute 159-33. Each officer having custody of any fund of any local government shall report to the secretary of the Local Government Commission on January 1 and July 1 of each year the amounts of funds then in his custody, the amounts of deposits of such funds in depositories, and a list of all investment securities and time deposits held by the local government or public authority. The Town agrees with this finding and will complete the required reports in a timely manner.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Stewardship, Compliance, and Accountability (Concluded)

Significant Violations of Finance – Related Legal and Contractual Provisions (Concluded)

Noncompliance with North Carolina General Statutes (Concluded)

The Town has not kept financial records in accordance with N.C. General Statute 159-25 (a)(1). State Law requires the finance officer to keep financial records of the unit in accordance with generally accepted principles of governmental accounting and in accordance with the rules and regulations of the Local Government Commission. The Town agrees with this finding and will keep necessary records.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2017, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for Administration activities by \$6,761. Expenditures also exceeded authorized appropriations for Streets - Municipality by \$1,430. Management and the Board will more closely review the budget reports to ensure compliance in the future.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds

Assets

Deposits

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

At June 30, 2020, the Town's deposits had a carrying amount of \$2,700,008 and a bank balance of \$2,813,538. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$20,191 and the bank balance was \$80,778. All of the bank balance was covered by federal depository insurance. At June 30, 2020, the Town's petty cash fund totaled \$2,297.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Assets (Continued)

Receivable - Allowance for Doubtful Accounts

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

Fund	6/30/20
General	\$ -
Enterprise	6,786
Total	<u>\$ 6,786</u>

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	\$ 71,340	\$ -	\$ -	\$ 71,340
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>71,340</u>	<u>-</u>	<u>-</u>	<u>71,340</u>
Capital Assets Being Depreciated:				
Buildings	1,532,974	-	-	1,532,974
Equipment	610,271	8,756	12,371	606,656
Other improvements	633,853	31,710	-	665,563
Vehicles and motorized equipment	728,807	68,000	49,799	747,008
Infrastructure	787,310	-	-	787,310
Furniture and fixtures	21,978	-	-	21,978
Total Capital Assets Being Depreciated	<u>4,315,193</u>	<u>108,466</u>	<u>62,170</u>	<u>4,361,489</u>
Less Accumulated Depreciation For:				
Buildings	809,591	29,740	-	839,331
Equipment	526,847	28,593	12,371	543,069
Other improvements	519,245	12,674	-	531,919
Vehicles and motorized equipment	662,380	20,917	49,799	633,498
Infrastructure	184,851	39,365	-	224,216
Furniture and fixtures	21,978	-	-	21,978
Total Accumulated Depreciation	<u>2,724,892</u>	<u>\$ 131,289</u>	<u>\$ 62,170</u>	<u>2,794,011</u>
Total Capital Assets Being Depreciated, Net	<u>1,590,301</u>			<u>1,567,478</u>
Governmental Activity Capital Assets, Net	<u>\$ 1,661,641</u>			<u>\$ 1,638,818</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Assets (Continued)

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

General government	\$	12,910
Transportation		45,487
Public safety		60,612
Environmental Protection		5,114
Cultural and recreational		7,167

Total Depreciation Expense	\$ 131,290
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	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Water and Sewer Fund				
Capital Assets Not Being Depreciated:				
Land	\$ 926,353	\$ -	\$ -	\$ 926,353
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>926,353</u>	<u>-</u>	<u>-</u>	<u>926,353</u>
Capital Assets Being Depreciated:				
Plant and distribution systems	11,053,030	23,750	-	11,076,780
Buildings	32,238	-	-	32,238
Vehicles	79,119	-	-	79,119
Equipment	<u>1,946,845</u>	<u>88,914</u>	<u>23,246</u>	<u>2,012,513</u>
Total Capital Assets Being Depreciated	<u>13,111,232</u>	<u>112,664</u>	<u>23,246</u>	<u>13,200,650</u>
Less Accumulated Depreciation For:				
Plant and distribution systems	5,987,609	199,741	-	6,187,350
Buildings	19,076	814	-	19,890
Vehicles	79,117	-	-	79,117
Equipment	<u>1,143,367</u>	<u>85,466</u>	<u>23,246</u>	<u>1,205,587</u>
Total Accumulated Depreciation	<u>7,229,169</u>	<u>\$ 286,021</u>	<u>\$ 23,246</u>	<u>7,491,944</u>
Total Capital Assets Being Depreciated, Net	<u>5,897,781</u>			<u>5,708,706</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,824,134</u>			<u>\$ 6,635,059</u>

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Assets (Continued)

Capital Assets (Continued)

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
ABC Board				
Capital Assets Being Depreciated:				
Signage	\$ 4,927	\$ -	\$ -	\$ 4,927
Computer and office equipment	25,689	-	-	25,689
Store equipment	54,072	850	-	54,922
Leasehold improvements	4,642	-	-	4,642
	<u>89,330</u>	<u>850</u>	<u>-</u>	<u>90,180</u>
Total Capital Assets Being Depreciated				
	<u>89,330</u>	<u>850</u>	<u>-</u>	<u>90,180</u>
Less Accumulated Depreciation For:				
Signage	1,223	328	-	1,551
Computer and office equipment	7,522	3,671	-	11,193
Store equipment	9,069	4,474	-	13,543
Leasehold improvements	644	309	-	953
	<u>18,458</u>	<u>\$ 8,782</u>	<u>\$ -</u>	<u>27,240</u>
Total Accumulated Depreciation				
	<u>18,458</u>	<u>\$ 8,782</u>	<u>\$ -</u>	<u>27,240</u>
Total Capital Assets Being Depreciated, Net				
	<u>70,872</u>			<u>62,940</u>
ABC Board Capital Assets, Net				
	<u>\$ 70,872</u>			<u>\$ 62,940</u>

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Assets (Concluded)

Investments

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

Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of 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

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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 Ramseur 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 Ramseur's contractually required contribution rate for the year ended June 30, 2020, was 8.5% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Ramseur were \$36,973 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.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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

At June 30, 2020, the Town reported a liability of \$182,959 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 0.00512%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$69,970. 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
Difference between expected and actual experience	\$ 23,105	\$ -
Changes of assumptions	13,616	-
Net difference between projected and actual earnings on pension plan investments	25,747	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,853	4,144
Contributions, Benefit Payments, Administrative Costs	36,973	-
Total	\$ <u>112,294</u>	\$ <u>4,144</u>

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

\$36,973 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 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	\$ 23,390
2022	5,638
2023	10,311
2024	3,798
2025	-
Thereafter	-
	<u>\$ 43,137</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	3.5 to 8.10 percent, including inflation and Productivity factor
Investment Rate of Return	7 percent, net 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 five year period ended December 31, 2014.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

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, 2018 are summarized in the following table:

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

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

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Concluded)

Discount rate. The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate:

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Town's proportionate share of the net pension liability (asset)	\$ 283,574	\$ 123,984	\$ (8,668)

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.

Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Ramseur administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Plan Description (Concluded)

completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>6</u>
Total	<u><u>7</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance when the benefit payments are due. 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 the terms of the plan.

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

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

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	2.5 percent
Salary increases	3.5 to 7.35 percent, including inflation and Productivity factor
Discount rate	3.26 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

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

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's 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. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$10,418 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 \$184,860. 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 \$19,575.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,634	\$ -
Changes of assumptions	4,296	-
Contributions, Benefit Payments, Administrative Costs	5,550	-
Total	\$ 30,480	\$ -

\$30,480 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 an increase of the net 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	\$ 7,146
2022	7,155
2023	4,664
2024	-
2025	-
Thereafter	-

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 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.26 percent) or one percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 196,745	\$ 184,860	\$ 173,810

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Schedule of Changes in Total Pension Liability

Beginning balance	\$ 158,301
Service Cost	6,474
Interest on the total pension liability	5,573
Changes of benefit terms	-
 Differences between expected and actual experience in the	
Measurement of the total pension liability	20,634
Changes of assumptions or other inputs	4,296
Benefit payments	(10,418)
Other changes	-
Ending balance of the total pension liability	<u>\$ 184,860</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.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

Law Enforcement Officers Special Separation Allowance (Concluded)

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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 69,970	\$ 19,575	\$ 89,545
Pension Liability	182,959	184,860	367,819
Proportionate share of net pension liability	.00512%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	23,105	20,634	43,739
Changes of assumptions	13,616	4,296	17,912
Net difference between projected and actual earnings on plan investments	25,747	-	25,747
Changes in proportion and differences between contributions and proportionate share of contributions	12,853	-	12,853
Benefit payments and administrative costs paid subsequent to the measurement date	36,973	5,550	42,523
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,144	-	4,144

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Continued)

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 8.5 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 \$12,115, which consisted of \$11,090 from the Town and \$1,025 from the law enforcement officers.

Deferred Outflows and Inflows of Resources

The Town has one deferred outflow of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 36,973
Benefit payments made and administrative expenses for LEOSSA	5,550
Difference between expected and actual experience	43,739
Changes of assumptions	17,912
Net difference between projected and actual	25,747
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,853
Total	\$ <u>142,774</u>

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Deferred Outflows and Inflows of Resources (Concluded)

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

	Statement of Net Position	General Fund Balance Sheet
Unearned Revenue - Taxes (General Fund)	\$ 446	\$ 446
Taxes Receivable, less penalties (General Fund)	-	14,582
Sanitation Fees Receivable	-	7,957
Changes in assumptions	-	-
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,144	-
Total	\$ <u>4,590</u>	\$ <u>22,985</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence; property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town does not carry any flood insurance through the National Flood Insurance Plan (NFIP). In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$15,000.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Claims, Judgments, and Contingent Liabilities

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

Long-Term Obligations

The Town entered into a \$725,000 direct placement contract with United States Department of Agriculture to construct a new fire station. The property is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires annual installments of \$43,863 including interest at 4.375% per annum for a 30 year term. \$ 452,298

During 2011, the Town entered into a \$115,002 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for improvements to aid in the Town's water pollution control. The total commitment to the project is to be repaid in 20 annual installments, bearing no interest. This note is not secured by collateral. 57,122

During 2013, the Town entered into a \$41,735 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for improvements to aid in the Town's water pollution control. The total commitment to the project is to be repaid in 19 annual installments, bearing no interest. This note is not secured by collateral. 24,162

During 2013, the Town entered into a \$145,893 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for a water line replacement project. The total commitment to the project is to be repaid in 20 annual installments, bearing no interest. This note is not secured by collateral. 48,961

During 2013, the Town entered into a \$283,681 direct placement contract with the North Carolina Division of Environment and Natural Resources to aid in the cost of construction for a water line replacement project. The total commitment to the project is to be repaid in 20 annual installments, bearing no interest. This note is not secured by collateral. 183,810

Total Long-Term Obligations \$ 766,353

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Long-Term Obligations (Concluded)

Maturities on long-term obligations and related interest are as follows:

Year Ending June 30	Principal	Interest
2021	49,681	19,769
2022	50,735	18,715
2023	51,835	17,614
2024	52,984	16,466
2025	54,183	15,267
2026-2030	285,100	56,439
2031-2034	221,835	17,570
Total	\$ <u>766,353</u>	\$ <u>161,840</u>

General Obligation Indebtedness

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

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

Serviced by the Water and Sewer Fund:

On June 12, 2012, the Town was issued water bonds in the amount of \$1,237,633 to refinance a series of water bonds initially issued for the construction of facilities utilized in the processing of water. The issue is being retired by operating income of the Water and Sewer Fund and is being reported in the Water and Sewer Fund. These bonds bear interest, payable annually, at 2.49 %.

\$ 210,547

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Continued)

Liabilities (Concluded)

General Obligation Indebtedness (Concluded)

Maturities on long-term debt and related interest are as follows:

	<u>General Obligation Bonds</u>	
Water and Sewer:	<u>Principal</u>	<u>Interest</u>
2021	\$ 120,017	\$ 5,243
2022	90,530	2,254
Total	<u>\$ 210,547</u>	<u>\$ 7,497</u>

Interest expense for the year ended June 30, 2020 amounted to \$7,455.

At June 30, 2020, the Town had a legal debt margin of 8,676,704

Changes in Long-Term Liabilities

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Compensated absences	\$ 44,169	\$ 12,872	\$ 20,826	\$ 36,215	\$ 36,215
Net pension liability (LGERS)	113,061	56,011		169,072	-
Net pension obligation (LEO)	158,301	26,559	-	184,860	-
Direct Placement					
Installment Purchase	475,382	-	23,084	452,298	24,094
Governmental Activity Long-term Liabilities	<u>\$ 790,913</u>	<u>\$ 95,442</u>	<u>\$ 43,910</u>	<u>\$ 842,445</u>	<u>\$ 60,309</u>
Business-type Activities:					
Direct Placement					
Installment Purchase	\$ 339,221	\$ -	\$ 25,166	\$ 314,055	\$ 25,587
General Obligation Bonds	329,782	-	119,235	210,547	120,017
Net pension liability (LGERS)	8,877	5,010	-	13,887	-
Compensated absences	3,128	1,726	1,168	3,686	3,686
Business-type Activity Long-term Liabilities	<u>\$ 681,008</u>	<u>\$ 6,736</u>	<u>\$ 145,569</u>	<u>\$ 542,175</u>	<u>\$ 149,290</u>

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 3 – Detail Notes on All Funds (Concluded)

Interfund Balance and Activity

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

Due to Recreation Fund for recreational expenditures from:	
General Fund	\$ <u>10,623</u>
Due to Water and Sewer Fund for sales tax revenues from:	
General Fund	\$ <u>14,007</u>

The interfund balances resulted from the time lag between the dates that payments between funds are made.

Note 4 – Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	\$ 1,638,818	\$ 6,635,059
Less: Long-term Debt	452,298	524,602
Add: Unexpended Debt Proceeds	<u>-</u>	<u>-</u>
Net Investment in Capital Asset	\$ <u>1,186,520</u>	\$ <u>6,110,457</u>

Note 5 – Fund Balance

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

<i>Total fund balance - General Fund</i>	\$ <u>1,341,489</u>
Less:	
Stabilization by State Statute	213,446
Streets - Powell Bill	258,533
Economic Development	421
Public Safety	43,966
Appropriated Fund Balance in 2020 Budget	<u>124,200</u>
	\$ <u>700,923</u>

The Town of Ramseur has not adopted a minimum fund balance policy for the general fund.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 6 – Segment Information for Proprietary Fund

The Town maintains one (1) Proprietary fund which provides water and sewer services. Segment information for the year ended June 30, 2020 was as follows:

Operating Revenues	\$ 1,155,606
Depreciation Expense	286,020
Operating Income (Loss)	45,108
Change in Net Position	50,056
Fixed Asset Additions	112,664
Net Working Capital	1,525,662
Total Assets	8,194,815
Bonds and Other Long-Term Liabilities:	
Payable from Operating Revenues	524,602
Total Net Position	\$ 7,776,044

Note 7 – Jointly Governed Organization

The Town, in conjunction with 7 counties and 42 other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$550 to the Council during the fiscal year ended June 30, 2020.

Note 8 – Joint Venture

Firefighter's Relief Fund

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firefighter's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighter's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these monies to the local board of the Firefighter's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2020, the Town did not report revenues and expenditures for the payments made through the Firefighter's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2020. The Firefighter's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

TOWN OF RAMSEUR, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

Note 9 – Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from 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 statement for the refund of grant monies.

Note 10 – Subsequent Events

The Town has evaluated all subsequent events through July 8, 2022 the date the financial statements were available to be issued.

TOWN OF RAMSEUR, NORTH CAROLINA

PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

Local Government Employee's Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ramseur's proportion of the net pension liability (asset) (%)	0.00512%	0.00514%	0.00689%	0.00700%	0.00539%	0.00588%	0.00790%
Ramseur's proportion of the net pension liability (asset) (\$)	\$ 182,959	121,938	\$ 105,260	\$ 148,563	\$ 24,190	\$ (34,677)	\$ 95,225
Ramseur's covered-employee payroll	\$ 381,572	396,745	\$ 382,668	\$ 464,131	\$ 474,659	\$ 461,351	\$ 531,500
Ramseur's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.95%	30.73%	27.51%	31.95%	5.10%	(7.31)%	17.92%
Plan fiduciary net position as percentage of the total pension liability	91.63%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

TOWN OF RAMSEUR, NORTH CAROLINA

TOWN OF RAMSEUR'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS

Local Government Employee's 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 contribtution	\$ 36,973	\$ 30,439	\$ 35,026	35,382	\$ 32,039	\$ 34,194	\$ 33,004
Contributions in relation to the contractually required contribution	<u>36,973</u>	<u>30,439</u>	<u>35,026</u>	<u>35,382</u>	<u>32,039</u>	<u>34,194</u>	<u>33,004</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Ramseur's covered-employee payroll	381,572	396,745	382,668	464,131	474,659	474,659	461,351
Contributions as a percentage of covered-employee payroll	9.69%	7.67%	9.15%	7.62%	6.75%	7.20%	7.15%

TOWN OF RAMSEUR, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FOUR FISCAL YEARS

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
Beginning Balance	\$ 158,301	\$	158,323	\$	151,420	\$	153,375
Service Cost	6,474		6,646		6,009		6,150
Interest on the Total Pension Liability	5,573		4,838		5,644		5,290
Changes of Benefit Terms			-		-		-
Differences Between Expected and Actual Experience in the Measurement of the Total Pension Liability	20,634		4,055		(3,822)		-
Changes of Assupmtions or Other Inputs	4,296		(5,143)		9,490		(2,977)
Benefit Payments	(10,418)		(10,418)		(10,418)		(10,418)
Other Changes	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Ending Balances of the Total Pension Liability	\$ <u>184,860</u>	\$	<u>158,301</u>	\$	<u>158,323</u>	\$	<u>151,420</u>

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

TOWN OF RAMSEUR, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FOUR FISCAL YEARS

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
Total Pension Liability	\$ 184,860	\$	158,301	\$	158,323	\$	151,420
Covered Payroll	221,955		239,233		229,349		228,988
Total Pension Liability as a Percentage of Covered Payroll	83.29%		66.17%		69.03%		66.13%

Notes to the Schedules:

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

TOWN OF RAMSEUR, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 781,801	\$
Penalties and Interest		2,669	
Prior Years Taxes		6,483	
Total	<u>790,208</u>	<u>790,953</u>	<u>745</u>
Unrestricted Intergovernmental:			
Local Option Sales Tax		427,667	
Franchise Tax		10,390	
Sales Tax Refund		-	
Gas Tax Refund		216	
Utilities Sales Tax		39,610	
Piped Natural Gas Sales Tax		5,435	
Beer and Wine Tax		7,170	
Solid Waste Disposal Refund		1,269	
Total	<u>484,100</u>	<u>491,757</u>	<u>7,657</u>
Restricted Intergovernmental:			
Powell Bill Allocation		48,851	
Interest		9	
Fire Dept Grant		30,000	
County Grant - Library		12,000	
Total	<u>62,010</u>	<u>90,860</u>	<u>28,850</u>
Permits and Fees:			
Fines and Permits		10,312	
Total	<u>8,000</u>	<u>10,312</u>	<u>2,312</u>
Sales and Services:			
Library Revenues		1,931	
Sanitary Landfill Participation		124,237	
Sale of Cemetery Plots		550	
Total	<u>132,380</u>	<u>126,718</u>	<u>(5,662)</u>
Investment Earnings	<u>2,500</u>	<u>1,423</u>	<u>(1,077)</u>
Miscellaneous	<u>2,235</u>	<u>1,528</u>	<u>(707)</u>
Total Revenues	\$ <u>1,481,433</u>	\$ <u>1,513,551</u>	\$ <u>32,118</u>

TOWN OF RAMSEUR, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government:			
Administration:			
Salaries and Employee Benefits	\$	\$ 97,986	\$
Professional Services		21,990	
Telephone and Postage		4,171	
Maintenance and Repairs		9,834	
Departmental Supplies		7,173	
Insurance and Bonds		7,729	
Miscellaneous		4,678	
Capital Outlay		5,345	
Other Operating Expenditures		28,683	
Utilities		8,976	
Contracted Services		78,896	
Total General Government	<u>268,700</u>	<u>275,461</u>	<u>(6,761)</u>
Public Safety:			
Police Department:			
Salaries and Employee Benefits		348,743	
Capital Outlay		31,398	
Maintenance and Repairs		13,056	
Telephone and Postage		2,339	
Utilities		8,240	
Vehicle Expense		12,439	
Insurance		17,080	
Other Operating Expenditures		11,398	
Total	<u>469,700</u>	<u>444,693</u>	<u>25,007</u>
Fire Department:			
Salaries and Employee Benefits		78,312	
Telephone and Postage		3,059	
Maintenance and Repairs		28,045	
Insurance		8,000	
Other Operating Expenditures		10,780	
Utilities		9,229	
Capital Outlay		68,246	
Debt Service		43,863	
Total	<u>291,800</u>	<u>249,534</u>	<u>42,266</u>
Emergency Medical Technicians:			
EMT Expenses		12,150	
Total	<u>17,000</u>	<u>12,150</u>	<u>4,850</u>
Total Public Safety	\$ <u>778,500</u>	\$ <u>706,377</u>	\$ <u>72,123</u>

TOWN OF RAMSEUR, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (continued):			
Transportation - Streets:			
Streets - Powell Bill:			
Storm Clean Up	\$	\$ -	\$
Street Improvements		16,500	
Total	<u>100,000</u>	<u>16,500</u>	<u>83,500</u>
Streets - Municipality:			
Utilities		36,819	
Other Operating Expenditures		1,027	
Insurance		5,000	
Contracted Services		327,584	
Total	<u>369,000</u>	<u>370,430</u>	<u>(1,430)</u>
Total Transportation - Streets	<u>469,000</u>	<u>386,930</u>	<u>82,070</u>
Environmental Protection:			
Sanitation:			
Other Operating Expenditures		1,144	
Contracted Services		126,377	
Total	<u>137,000</u>	<u>127,521</u>	<u>9,479</u>
Cemetery :			
Contracted Services		8,330	
Other Operating Expenditures		3,353	
Total	<u>15,600</u>	<u>11,683</u>	<u>3,917</u>
Total Environmental Protection	<u>152,600</u>	<u>139,204</u>	<u>13,396</u>
Cultural and Recreational:			
Library:			
Salaries and Employee Benefits		94,274	
Utilities		6,380	
Insurance		2,000	
Other Operating Expenditures		3,944	
Capital Outlay		5,045	
Total	\$ <u>162,174</u>	\$ <u>111,643</u>	\$ <u>50,531</u>

TOWN OF RAMSEUR, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (concluded):			
Cultural and Recreational (concluded):			
Museum:			
Maintenance and Repairs	\$	\$ 883	\$
Other Operating Expenditures		4,830	
Total	<u>14,750</u>	<u>5,713</u>	<u>9,037</u>
Total Cultural and Recreational	<u>176,924</u>	<u>117,356</u>	<u>59,568</u>
 Total Expenditures	 <u>1,845,724</u>	 <u>1,625,328</u>	 <u>220,396</u>
 Revenues Over (Under) Expenditures	 <u>(364,291)</u>	 <u>(111,777)</u>	 <u>252,514</u>
 Other Financing Sources (Uses):			
Insurance Reimbursements	-	10,915	(10,915)
Sale of Assets	100	15,981	(15,881)
Transfers from Other Funds	-	10,000	(10,000)
Total	<u>100</u>	<u>36,896</u>	<u>(36,796)</u>
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	 <u>(364,191)</u>	 <u>(74,881)</u>	 <u>215,718</u>
 Fund Balance Appropriated	 <u>364,191</u>	 <u>-</u>	 <u>(364,191)</u>
 Net Change in Fund Balance	 \$ <u>-</u>	 (74,881)	 \$ <u>(74,881)</u>
 Fund Balances, Beginning		<u>1,416,370</u>	
 Fund Balances, Ending		\$ <u>1,341,489</u>	

TOWN OF RAMSEUR, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	Hinshaw Non Expendable Trust Fund	Recreation Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 422	\$ 58,982	\$ 59,404
Receivables (Net):			
Taxes-Net	-	458	458
Accounts	-	695	695
Due from Other Funds	-	-	-
Total Assets	\$ 422	\$ 60,135	\$ 60,557
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -
Due to Other Funds	-	10,623	10,623
Total Liabilities	-	10,623	10,623
Deferred Inflows of Resources:			
Property Taxes Receivable	-	458	458
Total Deferred Inflows of Resources	-	458	458
Fund Balances:			
Non Spendable:			
Library Expansion	422	-	422
Restricted:			
Stabilization by State Statute	-	-	-
Assigned			
Cultural and Recreation	-	36,189	36,189
Subsequent Year's Expenditures	-	12,865	12,865
Total Fund Balances	422	49,054	49,476
Total Liabilities and Fund Balances	\$ 422	\$ 60,135	\$ 60,557

TOWN OF RAMSEUR, NORTH CAROLINA**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2020

	Hinshaw Non Expendable Trust Fund	Recreation Fund	Total Nonmajor Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ -	\$ 27,713	\$ 27,713
Unrestricted Intergovernmental Revenues	-	-	-
Restricted Intergovernmental		-	
Sales and Services	-	12,969	12,969
Special Events	-	9,580	9,580
Miscellaneous	-	4,788	4,788
Total Revenues	-	55,050	55,050
Expenditures:			
Cultural and Recreational	-	66,271	66,271
Environmental Protection	-	-	-
Total Expenditures	-	66,271	66,271
Revenues Over (Under) Expenditures	-	(11,221)	(11,221)
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(10,000)	-	(10,000)
Total Other Financing Sources (Uses)	(10,000)	-	(10,000)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(10,000)	(11,221)	(21,221)
Fund Balance, Beginning	10,422	60,275	70,697
Fund Balance, Ending	\$ 422	\$ 49,054	\$ 49,476

TOWN OF RAMSEUR, NORTH CAROLINA**SPECIAL REVENUE FUND - HINSHAW RESTRICTED FUND**
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures:			
Books for Library	-	-	-
Total Expenditures	-	-	-
Revenues Over (Under)			
Expenditures	-	-	-
Other Financing Sources (Uses):			
Transfers to Other Funds		(10,000)	
Total Other Financing Sources (Uses)		(10,000)	
Revenues and Other Sources Over			
(Under) Expenditures and Other Uses		(10,000)	
Fund Balance Appropriated	-	-	-
Net Change in Fund Balance	\$ -	(10,000)	\$ -
Fund Balance, Beginning		10,421	
Fund Balance, Ending		\$ 421	

TOWN OF RAMSEUR, NORTH CAROLINA**SPECIAL REVENUE FUND - RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current Year	\$	\$ 27,568	\$
Prior Years		145	
Total	26,135	27,713	1,578
Unrestricted Intergovernmental Revenues:			
Beer and Wine Tax		-	
Sales Tax Refund		-	-
Total Unrestricted Intergovernmental	-	-	-
Restricted Intergovernmental Revenues			
Revitalization Grants	18,720	-	
Total Restricted Intergovernmental	18,720	-	(18,720)
Sales and Services	13,000	12,969	(31)
Special Events	11,000	9,580	(1,420)
Miscellaneous Revenue	900	4,788	3,888
Total Revenues	69,755	55,050	(14,705)
Expenditures:			
Contracted Services		18,400	
Utilities		4,320	
Departmental Supplies		2,156	
Fall Festival Supplies		7,915	
Insurance		3,300	
Maintenance and Repairs		3,574	
Telephone and Postage		779	
Miscellaneous		3,522	
Senior/Kids Programs		4,317	
Capital Outlay		17,988	
Total Expenditures	82,620	66,271	16,349
Revenues Over (Under)			
Expenditures	(12,865)	(11,221)	1,644
Fund Balance Appropriated	12,865	-	(12,865)
Net Change in Fund Balance	\$ -	(11,221)	\$ (11,221)
Fund Balance, Beginning		60,275	
Fund Balance, Ending		\$ 49,054	

TOWN OF RAMSEUR, 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>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Water and Sewer	\$	\$ 1,137,696	\$
Taps/Connection Fees		6,550	
Other Revenue		1,894	
Penalties and Miscellaneous		13,811	
	<u>1,192,800</u>	<u>1,159,951</u>	<u>(32,849)</u>
Nonoperating Revenues:			
Interest Earned on Investments		-	
Sales Tax Refund		-	
	<u>150</u>	<u>-</u>	<u>(150)</u>
Total Revenues	<u>1,192,950</u>	<u>1,159,951</u>	<u>(32,999)</u>
Expenditures:			
Water:			
Salaries and Employee Benefits		48,155	
Professional Services		-	
Analysis Contract		17,237	
Telephone and Postage		6,346	
Interest Expense Debts		151,856	
Utilities		1,536	
Insurance		4,000	
Maintenance and Supplies		40,651	
Water Debt Principal			
Contract Services		437,617	
Capital Outlay		22,660	
Other Operating Expenditures		3,857	
Total	\$ <u>849,050</u>	\$ <u>733,915</u>	\$ <u>115,135</u>

TOWN OF RAMSEUR, 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>	<u>Variance Positive (Negative)</u>
Expenditures (Concluded):			
Sewer:			
Analysis Contract	\$	\$ 786	\$
Telephone and Postage		5,357	
Maintenance and Supplies		86,724	
Contract Services		164,443	
Utilities		19,047	
Insurance		2,500	
Capital Outlay		58,844	
Other Operating Expenditures		13,479	
Total	<u>527,200</u>	<u>351,180</u>	<u>176,020</u>
Total Expenditures	<u>1,376,250</u>	<u>1,085,095</u>	<u>291,155</u>
Revenues Over (Under) Expenditures	<u>(183,300)</u>	<u>74,856</u>	<u>258,156</u>
Other Financing Sources (Uses):			
Sale of Assets	-	12,403	(12,403)
Transfers to Other Funds	-	-	-
Total	<u>-</u>	<u>12,403</u>	<u>(12,403)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(183,300)</u>	<u>87,259</u>	<u>245,753</u>
Fund Balance Appropriated	<u>183,300</u>	<u>-</u>	<u>(183,300)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Financing Uses	\$ <u>-</u>	<u>87,259</u>	\$ <u>87,259</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Capital Outlay		112,664	
Principal Retirement		144,400	
Increase (Decrease) in Accounts Receivable			
Recognition		(4,343)	
Increase (Decrease) in Deferred Outflows of Resources - Pensions		772	
(Increase) Decrease in Net Pension Liability		(5,010)	
(Increase) in Deferred Inflows of Resources - Pensions		334	
Depreciation		(286,020)	
Total Reconciling Items		<u>(37,203)</u>	
Change in Net Position		\$ <u>50,056</u>	

TOWN OF RAMSEUR, NORTH CAROLINA**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	\$ -	\$ 837,307	\$ 829,705	\$ 7,602
2018-2019	5,611	-	3,623	1,988
2017-2018	1,220	-	870	350
2016-2017	935	-	569	366
2015-2016	391	-	136	255
2014-2015	850	128	-	978
2013-2014	497	102	-	599
2012-2013	1,213	120		1,333
2011-2012	719	106		825
2010-2011	654	89		743
	<u>\$ 12,090</u>	<u>\$ 837,852</u>	<u>\$ 834,903</u>	15,039
Ad Valorem Taxes Receivable - Net				\$ <u>15,039</u>
Reconcilement with Revenues:				
Ad Valorem Taxes Collected:				
General Fund				\$ 790,953
Special Revenue Fund				27,713
Reconciling Items:				
Interest Collected				(2,669)
Adjustments				<u>18,906</u>
Total Collections and Credits				\$ <u>834,903</u>

TOWN OF RAMSEUR, 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	\$ 115,337,612	\$ 0.67	\$ 772,762	\$ 772,762	\$ -
Registered Motor Vehicles Taxed at Prior Year's Rate	9,810,896	0.67	65,733	-	65,733
Penalties	-		436	436	-
Total Original Levy	<u>125,148,507</u>		<u>838,931</u>	<u>773,198</u>	<u>65,733</u>
Releases	<u>(242,388)</u>	0.67	<u>(1,624)</u>	<u>(1,624)</u>	<u>-</u>
Total Property Valuation	<u>\$ 124,906,119</u>				
Net Levy			837,307	771,574	65,733
Uncollected Taxes at June 30, 2020			<u>7,602</u>	<u>7,602</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 829,705</u>	<u>\$ 763,972</u>	<u>\$ 65,733</u>
Current Levy Collection Percentage			<u>99.09%</u>	<u>99.01%</u>	<u>100.00%</u>

TOWN OF RAMSEUR, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY****TOWN-WIDE LEVY**

For the Fiscal Year Ended June 30, 2020

Secondary Market Disclosures:**Assessed Valuation:**

Assessment Ratio:

Real Property

\$ 115,016,327

Personal Property

9,889,792

Public Service

-**Total Assessed Valuation**

124,906,119

Tax Rate per \$ 100

0.67

Levy (Includes Discoveries, Releases and Abatements)

771,138

Penalties

436

Motor Vehicles

65,733**Total Taxes**\$

837,307

TOWN OF RAMSEUR, NORTH CAROLINA**TEN LARGEST TAXPAYERS**

For the Fiscal Year Ended June 30, 2020

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2020 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Tower Components	Manufacturer	\$ 3,124,136	11.49%
Schwarz Properties	Rental Property	1,592,986	5.85%
Crawford Knitting Co.	Manufacturer	1,530,335	5.62%
Universal Health Properties	Nursing Home	4,576,492	16.80%
Watkins & Rich	Rental Property	2,010,230	7.38%
King Hill Limited Partners	Housing	1,301,391	4.78%
Randolph Hill Apt.	Housing	1,163,376	4.27%
F I Holdings LLC	Manufacturer	1,226,400	4.50%
Duke Progress Energy, Inc.	Power Company	9,137,939	33.55%
Sampson Bladen Oil	Service Station	1,569,661	5.76%
		<u>\$ 27,232,946</u>	<u>100.02%</u>