

Town of Robbinsville, North Carolina

FINANCIAL STATEMENTS

For the Fiscal Year-Ended June 30, 2020

TOWN OFFICIALS

Steve Hooper, Mayor

Shaun Adams

Debbie Beasley

Brian Johnson

ADMINISTRATIVE and FINANCIAL STAFF

Sonya Webster, Finance Director and Town Clerk

Shari Birchfield, Deputy Town Clerk

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June 30, 2020

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FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor and Board of Aldermen
Town of Robbinsville, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Robbinsville Tourism Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Robbinsville, North Carolina, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2020, on our consideration of the Town of Robbinsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Robbinsville's internal control over financial reporting and compliance.

Ray, Bumgarner, Kingshill & Assoc., P.A.

Waynesville, North Carolina
September 11, 2020

Management Discussion and Analysis

TOWN OF ROBBINSVILLE, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2020

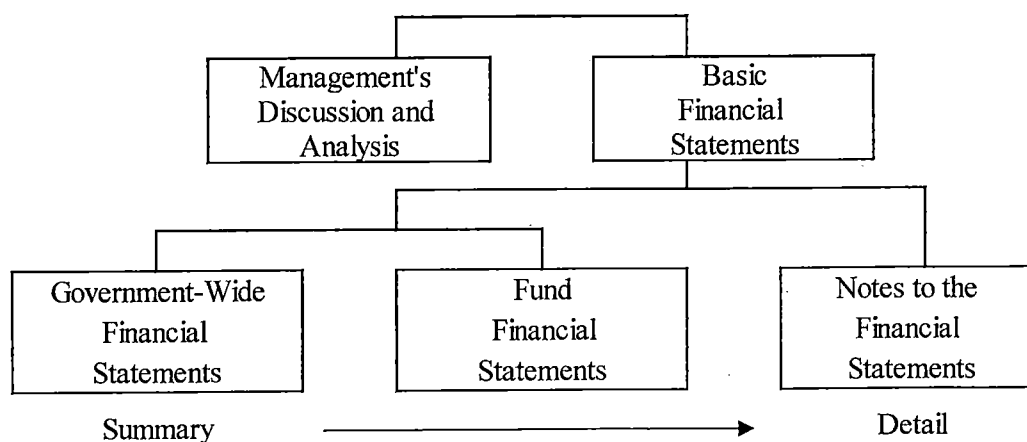
As management of the Town of Robbinsville, North Carolina (the "Town"), we offer readers of the Town of Robbinsville, North Carolina's, financial statements this narrative overview and analysis of the financial activities of the Town of Robbinsville, North Carolina for the fiscal year ended June 30,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

Financial Highlights

- The assets of the Town of Robbinsville, North Carolina, *exceeded* its liabilities at the close of the fiscal year by \$14,043,104 (*net position*).
- The government's total net position decreased by \$290,850, primarily due to capital contributions received for the Tallulah Creek Water Treatment Plant project recorded in the business-type activities.
- As of the close of the current fiscal year, the Town of Robbinsville, North Carolina's governmental fund reported an ending fund balance of \$1,055,116 with a net change of \$126,654 in fund balance. Approximately 4.95 percent of the total balance, or \$52,196, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,002,920, or 209.18 percent of total general fund expenditures for the fiscal year.
- The Town's total debt decreased by \$35,090 (1.20 percent) during the year. The overall decrease was the result of principal paydowns on existing loans, offset to a lesser degree by an increase in the pension liability.

Overview of the Financial Statements.

This discussion and analysis are intended to serve as an introduction to Town of Robbinsville, North Carolina'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 Robbinsville, North Carolina.

Required Components of Annual Financial Report**Figure 1**

Basic Financial Statements

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. 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; and 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, cultural and recreational, transportation, and general government. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers. These include the water and sewer services offered by the Town of Robbinsville, North Carolina. The final category is the component unit. Although legally separate from the Town, the Robbinsville Tourism Authority is important to the Town. The Town exercises control over the Authority by appointing its members.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town of Robbinsville, North Carolina'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 Robbinsville, North Carolina, 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 the funds of the Town of Robbinsville, North Carolina can be divided into two categories: governmental funds and proprietary funds.

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

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

Proprietary Funds - The Town of Robbinsville, North Carolina has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Robbinsville, North Carolina uses an enterprise fund to account for its water and sewer activity. This fund is the same as the 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 are on Pages 21-38 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 Robbinsville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 39 of this report.

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

Government-Wide Financial Analysis

Town of Robbinsville, North Carolina's Net Position
Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,084,056	\$ 991,422	\$ 788,186	\$ 682,037	\$ 1,872,242	\$ 1,673,459
Capital assets	106,041	93,050	15,112,866	14,892,700	15,218,907	14,985,750
Deferred outflows of resources	44,827	46,529	104,597	114,288	149,424	160,817
Total assets and deferred outflows of resources	1,234,924	1,131,001	16,005,649	15,689,025	17,240,573	16,820,026
Long-term liabilities outstanding	63,569	48,295	2,829,662	2,880,026	2,893,231	2,928,321
Other liabilities	6,401	19,521	297,665	118,974	304,066	138,495
Deferred inflows of resources	52	277	120	679	172	956
Total liabilities and deferred inflows of resources	70,022	68,093	3,127,447	2,999,679	3,197,469	3,067,772
Net position:						
Net investment in capital assets	106,041	93,050	12,448,451	12,138,144	12,554,492	12,231,194
Restricted	59,922	66,030	61,412	50,680	121,334	116,710
Unrestricted	998,939	903,828	368,339	500,522	1,367,278	1,404,350
Total net position	\$ 1,164,902	\$ 1,062,908	\$ 12,878,202	\$ 12,689,346	\$ 14,043,104	\$ 13,752,254

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Robbinsville, North Carolina exceeded liabilities by \$14,043,104 as of June 30, 2020. The Town's net position *increased* by \$290,850 for the fiscal year ended June 30, 2020. The largest portion (89.40%) reflects the Town's net investment in capital assets (e.g. land, construction in progress, furniture, equipment improvements, and vehicles). The Town of Robbinsville, North Carolina uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Robbinsville, North Carolina'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 Robbinsville's net position totaling \$121,334 represents resources subject to external restrictions on how they may be used. The remaining balance of \$1,367,278 is unrestricted.

Town of Robbinsville, North Carolina Changes in Net Position
Figure 3

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,145,373	\$ 1,188,863	\$ 1,145,373	\$ 1,188,863
Operating grants and contributions	17,536	16,553	-	54,066	17,536	70,619
Capital grants and contributions	-	-	468,428	-	468,428	-
General revenues:						
Property taxes	316,505	325,147	-	-	316,505	325,147
Other taxes	245,819	247,101	-	-	245,819	247,101
Other	5,356	3,861	2,834	2,950	8,190	6,811
Total revenues	585,216	592,662	1,616,635	1,245,879	2,201,851	1,838,541
Expenses:						
General government	278,605	272,063	-	-	278,605	272,063
Public safety	793	1,019	-	-	793	1,019
Economic Development	11,501	11,456	-	-	11,501	11,456
Transportation	185,323	205,316	-	-	185,323	205,316
Cultural and recreation	7,000	5,500	-	-	7,000	5,500
Interest and fees	-	-	-	-	-	-
Water and sewer	-	-	1,427,779	1,432,675	1,427,779	1,432,675
Total expenses	483,222	495,354	1,427,779	1,432,675	1,911,001	1,928,029
Increase (decrease) in net position before transfers	101,994	97,308	188,856	(186,796)	290,850	(89,488)
Transfers	-	(10,543)	-	10,543	-	-
Increase (decrease) in net position	101,994	86,765	188,856	(176,253)	290,850	(89,488)
Net position, beginning	1,062,908	976,143	12,689,346	12,865,599	13,752,254	13,841,742
Net position, June 30	\$ 1,164,902	\$ 1,062,908	\$ 12,878,202	\$ 12,689,346	\$ 14,043,104	\$ 13,752,254

Governmental activities. Governmental activities increased the Town's net position by \$101,994. Key elements of this increase were:

- A slight decrease in expenses during the current year.
- The Town's prior year governmental activity expenses were higher in the transportation function. Spending decreased in the current year.

Business-type activities: Business-type activities increased the Town of Robbinsville, North Carolina's net position by \$188,856. The key element of this increase was capital contribution grant funds for the Tallulah Creek Water Treatment Plant offset to a lesser degree by depreciation recorded on fixed assets.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Robbinsville. At the end of the current fiscal year, the Town of Robbinsville's unassigned fund balance available in the General Fund was \$1,002,920, while total fund balance reached \$1,055,116. The Town currently has an unassigned fund balance of 209.18% of general fund expenditures, while total fund balance represents 220.06% of the same amount.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on six 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 primary difference between the original General Fund budget and the final budget is due to amendments to increase spending in general government by utilizing appropriations of fund balance.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund amounted to \$368,339. The total change in net position was \$188,856 and is primarily the result of capital contributions received for the Tallulah Creek Water Treatment Plant offset to a lesser degree by depreciation recorded on fixed assets.

Capital Asset and Debt Administration

Capital Assets. The Town of Robbinsville, North Carolina's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$15,218,907 (net of accumulated depreciation). These assets include land, construction in progress, furniture and equipment, improvements, plant and distribution system, and vehicles.

Major capital asset transactions during the year include the following additions:

- Substantial completion of the Tallulah Creek Water Treatment Plant project in the water and sewer capital project fund.

Town of Robbinsville, North Carolina's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ -	\$ -	\$ 227,497	\$ 227,497	\$ 227,497	\$ 227,497
Construction in progress	-	-	624,571	-	624,571	-
Furnishings and equipment	26,879	33,468	53,445	62,658	80,324	96,126
Other improvements	47,416	41,063	-	-	47,416	41,063
Plant and distribution system	-	-	14,170,217	14,574,316	14,170,217	14,574,316
Vehicles	31,746	18,519	37,136	28,229	68,882	46,748
Total	\$ 106,041	\$ 93,050	\$ 15,112,866	\$ 14,892,700	\$ 15,218,907	\$ 14,985,750

Additional information on the Town's capital assets can be found in Note 3(A)(3) of the Notes to the Financial Statements.

Long-term Debt. As of June 30, 2020, the Town of Robbinsville, North Carolina, had total long-term debt outstanding of \$2,893,231, which included \$39,836 in compensated absences and \$188,980 in pension liability (LGERS). During the year, the Town paid off its one remaining general obligation bond issued to finance the construction of facilities utilized in the water and sewer system.

During fiscal year 2013-2014, the Town completed the construction of a new wastewater treatment plant which allows for expansion of business and residential construction in the town's limits and surrounding areas as well as allows the Town to remain compliant with its operating permit. The United States Department of Agriculture – Rural Development, assisted the Town in this project by providing a financing package that included grant funds and two low interest rate Water and Sewer Revenue Bonds (RUS loans) comprised of 2013 Series A Bonds for \$1,665,000 at an annual interest rate of 2.75% and a subsequent 2013 Series B Water and Sewer Revenue Bond for \$385,000 at an annual interest rate of 2.00%. These two Water and Sewer Revenue Bonds were used to purchase \$2,050,000 Bond Anticipation Notes, which were part of the project's original funding, in December 2013.

The wastewater treatment plant was put into service in the fall of 2013 at a total cost of approximately \$6,715,000. During fiscal year June 30, 2017, there were additional payments made to contractors and those were also capitalized into the costs of the plant. The original project was anticipated to cost \$7,335,000; however, the total amount capitalized through the prior fiscal year was \$7,137,000, leaving approximately \$198,000. The Town received approval from the USDA to use the remaining grant funds for a sludge dewatering facility and the Town secured additional grant monies from North Carolina and USDA and USDA loans totaling \$333,000. The total project was authorized for \$1,479,500 and was completed in the prior fiscal year for a total cost of \$1,462,889.

Town of Robbinsville, North Carolina's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$ 2,133,894	\$ 2,176,440	\$ 2,133,894	\$ 2,176,440
Installment purchases	-	-	530,521	578,116	530,521	578,116
Pension related debt (LGERS)	56,694	39,099	132,286	95,650	188,980	134,749
Compensated absences	6,875	9,196	32,961	29,820	39,836	39,016
	<u>\$ 63,569</u>	<u>\$ 48,295</u>	<u>\$ 2,829,662</u>	<u>\$ 2,880,026</u>	<u>\$ 2,893,231</u>	<u>\$ 2,928,321</u>

The Town's total debt decreased by \$35,090 (1.20 percent) during the year. The overall decrease was the result of principal paydowns on existing loans, offset to a lesser degree by an increase in the pension liability.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue. The limit is eight percent of the total assessed value of taxable property located within that government's boundaries. The remaining legal debt margin for Town of Robbinsville, North Carolina is \$3,386,304.

Additional information regarding the Town's long-term debt can be found in Note 3(B)(5) of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates –

- The Town's General Fund paid \$9,055 for the US129 paving project and purchased a 2006 Utility Truck for \$17,129 without increasing the Town's debt.
- The Sewer Plant spent \$46,883 for Blower repairs. The Water & Sewer Fund purchased a 2008 Dump Truck for \$27,929 without increasing the Town's debt.
- COVID-19 has affected the Water & Sewer Fund's revenue. The Town resumed the normal procedures for collections and late fees on August 17, 2020. The Town added an online payment option in July, 2020 which has given customers a safe option of payment during this COVID-19 issue.
- The Town maintained its water and sewer rates. The rate was increased four years ago to accommodate the annual debt service payments on the new Wastewater treatment facility and to make up for lost revenues by the Stanley Furniture plant closure.
- Tax rates for fiscal year 2020-21 will remain at 60 cents per \$100 valuation. This rate was reduced in fiscal year 2019-20 because collections were on the rise with Graham County performing tax collections and the Town's participation in the NC debt set-off program. Property taxes are based on the revaluation by Graham County's property tax appraisals implemented on January 1, 2015. The next revaluation is set for the year 2023.
- The Town continues to move available more funds to the NCCMT fund where interest rates have been favorable and interest income has increased.
- To assist with internal control the Board voted to have an Alderman review the bank reconciliations.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Robbinsville, North Carolina, 4 Court Street, Robbinsville, North Carolina, 28771.

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Robbinsville Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,009,321	\$ 378,628	\$ 1,387,949	\$ 61,990
Taxes receivables (net)	20,440	-	20,440	-
Accrued interest receivable on taxes	2,099	-	2,099	-
Accounts receivable (net)	-	121,201	121,201	6,902
Due from other governments	59,922	181,622	241,544	-
Internal balances	(18,869)	18,869	-	-
Prepaid items	11,143	26,454	37,597	-
Restricted cash - USDA loan reserve	-	61,412	61,412	-
Total current assets	<u>1,084,056</u>	<u>788,186</u>	<u>1,872,242</u>	<u>68,892</u>
Non-current assets:				
Capital assets:		-		
Land and construction in progress	-	852,068	852,068	-
Other capital assets, net of depreciation	106,041	14,260,798	14,366,839	1,405
Total capital assets	<u>106,041</u>	<u>15,112,866</u>	<u>15,218,907</u>	<u>1,405</u>
Total assets	<u>1,190,097</u>	<u>15,901,052</u>	<u>17,091,149</u>	<u>70,297</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	11,400	26,601	38,001	-
Pension deferrals	33,427	77,996	111,423	-
Total deferred outflows of resources	<u>44,827</u>	<u>104,597</u>	<u>149,424</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	3,317	223,977	227,294	65
Accrued liabilities	3,084	6,785	9,869	-
Customer deposits	-	66,903	66,903	-
Current portion of long-term liabilities	6,875	112,637	119,512	-
Total current liabilities	<u>13,276</u>	<u>410,302</u>	<u>423,578</u>	<u>65</u>
Long-term liabilities:				
Net pension liability	56,694	132,286	188,980	-
Due in more than one year	-	2,584,739	2,584,739	-
Total liabilities	<u>69,970</u>	<u>3,127,327</u>	<u>3,197,297</u>	<u>65</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	52	120	172	-
Total deferred inflows of resources	<u>52</u>	<u>120</u>	<u>172</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	106,041	12,448,451	12,554,492	1,405
Restricted for:				
Stabilization by State Statute	59,922	-	59,922	8,307
Loan covenant reserve	-	61,412	61,412	-
Unrestricted	998,939	368,339	1,367,278	60,520
Total net position	<u>\$ 1,164,902</u>	<u>\$ 12,878,202</u>	<u>\$ 14,043,104</u>	<u>\$ 70,232</u>

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

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

Exhibit "B"

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			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 278,605	\$ -	\$ -	\$ -	\$ (278,605)	\$ -	\$ (278,605)	\$ -
Public safety	793	-	-	-	(793)	-	(793)	-
Economic Development	11,501	-	-	-	(11,501)	-	(11,501)	-
Transportation	185,323	-	17,536	-	(167,787)	-	(167,787)	-
Cultural and Recreational	7,000	-	-	-	(7,000)	-	(7,000)	-
Total governmental activities	483,222	-	17,536	-	(465,686)	-	(465,686)	-
Business-type activities:								
Water and Sewer	1,427,779	1,145,373	-	468,428	-	186,022	186,022	-
Total business-type activities	1,427,779	1,145,373	-	468,428	-	186,022	186,022	-
Total primary government	\$ 1,911,001	\$ 1,145,373	\$ 17,536	\$ 468,428	(465,686)	186,022	(279,664)	-
Component Unit:								
Robbinsville Tourism Development Authority	\$ 29,585	\$ -	\$ -	\$ -	-	-	-	(29,585)
Total component units	\$ 29,585	\$ -	\$ -	\$ -	-	-	-	(29,585)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					316,505	-	316,505	-
Other taxes					245,819	-	245,819	41,263
Unrestricted investment earnings					5,356	2,834	8,190	-
Total general revenues excluding transfers					567,680	2,834	570,514	41,263
Transfers					-	-	-	-
Total general revenues and transfers					567,680	2,834	570,514	41,263
Change in net position					101,994	188,856	290,850	11,678
Net position-beginning					1,062,908	12,689,346	13,752,254	58,554
Net position-ending					\$ 1,164,902	\$ 12,878,202	\$ 14,043,104	\$ 70,232

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

Town of Robbinsville, North Carolina
Balance Sheet
Governmental Fund
June 30, 2020

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 1,009,321
Taxes receivables, net	20,440
Prepaid expenses	11,143
Due from other governments	59,922
Total assets	<u>\$ 1,100,826</u>
LIABILITIES	
Accounts payable	\$ 3,317
Accrued liabilities	\$ 3,084
Due to other funds	18,869
Total liabilities	<u>25,270</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>20,440</u>
Total deferred inflows of resources	<u>20,440</u>
FUND BALANCES	
Non Spendable	
Prepays	11,143
Restricted	
Stabilization by State Statute	59,922
Unassigned	984,051
Total fund balances	<u>1,055,116</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,100,826</u>

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

Total fund balance, Governmental Fund	\$ 1,055,116
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	106,041
Net pension liability	(56,694)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	11,400
Accrued interest receivable on ad valorem taxes receivable	2,099
Liabilities for earned revenues considered deferred inflows of resources in fund statements	20,440
Pension related deferrals, net	33,375
Some liabilities, including installment purchases payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,875)</u>
Net position of governmental activities	<u>\$ 1,164,902</u>

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

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

	<u>General</u>
REVENUES	
Ad valorem taxes	\$ 337,405
Unrestricted intergovernmental revenues	245,819
Restricted intergovernmental revenues	17,536
Investment earnings	5,356
Total revenues	<u>606,116</u>
EXPENDITURES	
Current:	
General government	266,374
Public safety	793
Economic Development	5,500
Transportation	199,795
Cultural and recreational	7,000
Total expenditures	<u>479,462</u>
Revenues over expenditures	<u>126,654</u>
OTHER FINANCING SOURCES (USES)	
Transfers to/from other funds	<u>-</u>
Net change in fund balance	126,654
Fund balances, beginning	928,462
Fund balances-ending	<u><u>\$ 1,055,116</u></u>

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

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

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

Net changes in fund balances - total governmental fund	\$ 126,654
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	30,471
Current provision for depreciation	(17,480)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	11,400
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:	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:	
Change in unavailable revenue for tax revenues	(20,900)
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 the governmental fund:	
Change in compensated absences	2,321
Pension expense	(30,472)
Total changes in net position of governmental activities	<u>\$ 101,994</u>

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

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 320,345	\$ 320,345	\$ 337,405	\$ 17,060
Unrestricted intergovernmental	249,000	249,760	245,819	(3,941)
Restricted intergovernmental	17,000	17,000	17,536	536
Investment earnings	2,600	2,600	5,356	2,756
Total revenues	<u>588,945</u>	<u>589,705</u>	<u>606,116</u>	<u>16,411</u>
Expenditures:				
Current:				
General government	325,996	323,823	266,374	57,449
Public safety	6,150	6,150	793	5,357
Economic Development	31,200	31,200	5,500	25,700
Transportation	241,799	267,532	199,795	67,737
Cultural and recreational	7,000	7,000	7,000	-
Total expenditures	<u>612,145</u>	<u>635,705</u>	<u>479,462</u>	<u>156,243</u>
Revenues over (under) expenditures	<u>(23,200)</u>	<u>(46,000)</u>	<u>126,654</u>	<u>172,654</u>
Other financing sources (uses):				
Transfers to (from) other funds	23,200	23,200	-	(23,200)
Appropriations from fund balance	-	22,800	-	(22,800)
Total other financing sources (uses)	<u>23,200</u>	<u>46,000</u>	<u>-</u>	<u>(46,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>126,654</u>	<u>\$ 126,654</u>
Fund balances, beginning of year			<u>928,462</u>	
Fund balances, end of year			<u>\$ 1,055,116</u>	

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

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

	Major Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 378,628
Accounts receivable	121,201
Due from other governments	181,622
Prepaid expenses	26,454
Due from other funds	18,869
Restricted cash - USDA loan reserve	61,412
Total current assets	<u>788,186</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	852,068
Other capital assets, net of depreciation	14,260,798
Capital assets	<u>15,112,866</u>
Total noncurrent assets	<u>15,112,866</u>
Total assets	<u><u>\$ 15,901,052</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan	\$ 26,601
Pension deferrals	77,996
Total deferred outflows of resources	<u>104,597</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 223,977
Accrued liabilities	6,785
Customer Deposits	66,903
Long-term debt-current portion due	112,637
Total current liabilities	<u>410,302</u>
Noncurrent liabilities:	
Net pension liability	132,286
Revenue Bonds	1,787,000
USDA Loans	305,852
Installment purchases payable	482,926
Compensated absences	8,961
Total noncurrent liabilities	<u>2,717,025</u>
Total liabilities	<u>3,127,327</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	\$ 120
NET POSITION	
Net investment in capital assets	12,448,451
Restricted - loan covenant reserve	61,412
Unrestricted	368,339
Total net position	<u><u>\$ 12,878,202</u></u>

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

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

	Major Enterprise Fund	Water and Sewer Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$	378,628
Accounts receivable		121,201
Due from other governments		181,622
Prepaid expenses		26,454
Due from other funds		18,869
Restricted cash - USDA loan reserve		61,412
Total current assets		<u>788,186</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress		852,068
Other capital assets, net of depreciation		14,260,798
Capital assets		<u>15,112,866</u>
Total noncurrent assets		<u>15,112,866</u>
Total assets	\$	<u><u>15,901,052</u></u>
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan	\$	26,601
Pension deferrals		77,996
Total deferred outflows of resources		<u>104,597</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$	223,977
Accrued liabilities		6,785
Customer Deposits		66,903
Long-term debt-current portion due		112,637
Total current liabilities		<u>410,302</u>
Noncurrent liabilities:		
Net pension liability		132,286
Revenue Bonds		1,787,000
USDA Loans		305,852
Installment purchases payable		482,926
Compensated absences		8,961
Total noncurrent liabilities		<u>2,717,025</u>
Total liabilities		<u>3,127,327</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	\$	120
NET POSITION		
Net investment in capital assets		12,448,451
Restricted - loan covenant reserve		61,412
Unrestricted		368,339
Total net position	\$	<u><u>12,878,202</u></u>

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

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

	<div style="border: 1px solid black; padding: 2px;"> Major Enterprise Fund </div> <div style="border: 1px solid black; padding: 2px;"> Water and Sewer Fund </div>
OPERATING REVENUES	
Charges for services - water	\$ 751,177
Charges for services - sewer	377,305
Other operating revenues	16,891
Total operating revenues	1,145,373
OPERATING EXPENSES	
Water administration	38,472
Water treatment and distribution	351,381
Water plant maintenance	172,013
Sewer administration	33,764
Sewer treatment and plant maintenance	279,442
Depreciation	482,026
Total operating expenses	1,357,098
Operating income (loss)	(211,725)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	2,834
Loss on disposal of assets	(5,188)
Interest expense	(65,493)
Total nonoperating revenue (expenses)	(67,847)
Income (Loss) before contributions and transfers	(279,572)
Capital Contributions	468,428
Change in net position	188,856
Total net position - beginning	12,689,346
Total net position - ending	\$ 12,878,202

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

Town of Robbinsville
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Major Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,140,806
Cash paid for goods and services	(489,884)
Cash paid to or on behalf of employees for services	(363,688)
Other operating revenues	16,891
Net cash provided by operating activities	<u>304,125</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Increase in due from other funds	(22,943)
Net cash used by non-capital financing activities	<u>(22,943)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	468,428
Acquisition of capital assets	(714,132)
Proceeds from sale of assets	6,753
Debt principal	(90,141)
Debt interest	(65,493)
Net cash used by capital and related financing activities	<u>(394,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	<u>2,834</u>
Net decrease in cash and cash equivalents	(110,569)
Balances-beginning	550,609
Balances-end of the year	<u>\$ 440,040</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (211,725)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	482,025
Changes in assets, deferred outflows and inflows of resources and liabilities	
(Increase) decrease in customer accounts receivable	5,821
(Increase) decrease in other receivables	(173,142)
(Increase) decrease in prepaids	(26,454)
(Increase) decrease in deferred outflows of resources - pensions	9,691
Increase (decrease) in net pension liability	36,636
Increase (decrease) in deferred inflows of resources - pensions	(559)
Increase (decrease) in accounts payable and accrued liabilities	172,188
Increase (decrease) in customer deposits	6,503
Increase (decrease) in accrued vacation/comp pay	3,141
Total adjustments	<u>515,850</u>
Net cash provided by operating activities	<u>\$ 304,125</u>

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

TOWN OF ROBBINSVILLE, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Robbinsville and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

- A. Reporting Entity - The Town of Robbinsville is a municipal corporation, which is governed by an elected mayor and a three-member board of alderpersons. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Robbinsville Tourism Authority – The members of the Robbinsville Tourism Development Authority are appointed by the Town of Robbinsville. The Robbinsville Tourism Development Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Robbinsville Tourism Development Authority may be obtained from the entity's administrative offices at Robbinsville Tourism Development Authority, 4 Court Street, Robbinsville, North Carolina 28771.

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. 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 *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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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

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. A Water and Sewer Capital Projects Fund has been consolidated into The Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in supplementary information.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to 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.

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

Sales taxes and certain intergovernmental revenues, such as the utilities 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 Robbinsville because the tax is levied by Graham County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

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

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

Deposits: All deposits of the Town and the Robbinsville Tourism Development Authority (Authority) are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town and the Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the Tourism Development Authority 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 Tourism Development Authority 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 Authority's investments are

generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT – Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Governmental 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. Therefore, all cash accounts are essentially demand deposits and are considered cash and cash equivalents. The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets: Powell Bill funds, if any remain at year-end, are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. The restricted Powell Bill funds amounted to \$100 as of June 30, 2020. As a condition of the Town of Robbinsville's Water and Sewer Revenue Bonds, the USDA requires the Town to establish a loan reserve account, increasing in balance over ten years until the balance reaches the equivalent of one annual payment on the Town's Water and Sewer Revenue Bonds. At June 30, 2020, the Town's restricted cash for the USDA loan reserve totaled \$61,412.

Ad Valorem Taxes Receivable: In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

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

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets: Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: \$25,000, building and improvements; \$1,000, furniture and equipment; \$2,500, vehicles; \$100,000, plant and distribution system. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the 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 use lives:

	<u>Estimated Useful Lives</u>
Buildings	50 years
Furniture and equipment	5-15 years
Other improvements	30 years
Vehicles	5-15 years
Plant and distribution system	10-50 years

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 two items that meet this criterion, contributions made to the pension plan in the 2020 fiscal year and pension deferrals resulting from the application of GASB 68. 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, if any, property taxes 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 or proprietary fund type statement of net position.

Compensated Absences: The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated compensated time assuming that employees are taking leave time as it is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

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

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

The governmental fund types classify fund balances as follows:

Nonspendable Funds 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.

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law:

- **Restricted for Stabilization by State statute** – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by

State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. 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.

Committed Fund Balance – portion of fund balance that can be only be used for specific purposes imposed by majority vote by quorum of Town of Robbinsville's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise limitation.

Assigned Fund Balance - This classification includes amounts that the Board intends to use for specific purposes.

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

Unassigned Fund Balance - This classification includes amounts that have not been restricted, committed, or assigned to specific purposes or other funds.

The Town does not have a formal revenue spending policy. However, it is the Town's practice to use resources in the following hierarchy: installment loan proceeds, federal funds, State funds, local non-town funds, and town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by assigned fund balance and, lastly, unassigned fund balance.

The Town does not have a formal fund balance policy. Therefore, the unassigned fund balance in the General Fund is available for appropriation.

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

2. Stewardship, Compliance, and Accountability

The Town had no violations of non-compliance with State Statutes for the year ended June 30, 2020.

3. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the Tourism Development Authority 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 and Tourism Development Authority's agent in these unit's 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 Tourism Development Authority, these deposits are considered to be held by the Town and Tourism Development Authority'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 Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town or Tourism Development Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. Neither the Town nor the Tourism Development Authority has a policy regarding custodial credit risk for deposits.

At year-end, the Town's deposits had a carrying amount of \$1,449,098 and a bank balance of \$1,474,387. Of the bank balance, \$250,000 was covered by federal depository insurance, \$800,541 was invested in the NCCMT and \$423,846 was covered by collateral held under the Pooling Method. The Town also had cash on hand of \$263 at June 30, 2020. The carrying amount of deposits for the Tourism Development Authority was \$61,990 and the bank balance was \$66,740. All of the Tourism Development Authority's bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2020, the Town of Robbinsville had \$800,541 invested with the North Carolina Capital Management Trust Government Portfolio which carried a credit rating of AAAm by Standard and Poor's and is measured at Fair Value - Level 1. The investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets. Level 1 securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. The town had no policy regarding credit risk.

3. Receivables

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

	<u>Taxes</u>	<u>Accrued Interest</u>	<u>Accounts</u>	<u>Due From Grants</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental activities	\$ 54,440	\$ 2,099	\$ -	\$ -	\$ 59,922	\$ 116,461
Business-type activities	-	-	168,601	158,685	22,937	350,223
Allowance for doubtful accounts	<u>(34,000)</u>	<u>-</u>	<u>(47,400)</u>	<u>-</u>	<u>-</u>	<u>(81,400)</u>
Total government-wide	<u>\$ 20,440</u>	<u>\$ 2,099</u>	<u>\$ 121,201</u>	<u>\$ 158,685</u>	<u>\$ 82,859</u>	<u>\$ 385,284</u>

All amounts are scheduled for collection during the subsequent year.

4. Capital Assets:

Capital asset activity of the primary government for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 92,148	\$ -	\$ -	\$ 92,148
Other improvements	108,540	12,096	-	120,636
Vehicles and motorized equipment	308,664	18,375	-	327,039
Total capital assets being depreciated	<u>509,352</u>	<u>30,471</u>	<u>-</u>	<u>539,823</u>
Less accumulated depreciation for:				
Furniture and equipment	58,680	6,589	-	65,269
Other improvements	67,477	5,743	-	73,220
Vehicles and motorized equipment	290,145	5,148	-	295,293
Total accumulated depreciation	<u>416,302</u>	<u>17,480</u>	<u>-</u>	<u>433,782</u>
Governmental activity capital assets, net	<u>\$ 93,050</u>			<u>\$ 106,041</u>

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

General government	\$ 4,934
Economic Development	6,001
Transportation	<u>6,545</u>
Total depreciation expense	<u>\$ 17,480</u>

Business-type activities:***Water and sewer fund*****Capital assets not being depreciated:**

Land	\$ 227,497	\$ -	\$ -	\$ 227,497
Construction in progress	-	624,571	-	624,571
Total capital assets not being depreciated	227,497	624,571	-	852,068

Capital assets being depreciated:

Furniture and equipment	312,920	1,700	-	314,620
Plant and distribution system	20,944,232	59,932	-	21,004,164
Vehicles and motorized equipment	145,394	27,929	37,740	135,583
Total capital assets being depreciated	21,402,546	89,561	37,740	21,454,367

Less accumulated depreciation for:

Furniture and equipment	250,263	10,912	-	261,175
Plant and distribution system	6,369,916	464,031	-	6,833,947
Vehicles and motorized equipment	117,165	7,082	25,800	98,447
Total accumulated depreciation	6,737,344	482,025	25,800	7,193,569

Total capital assets being depreciated, net	14,665,202			14,260,798
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Business -type activities capital assets, net	\$14,892,699			\$15,112,866
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Construction Commitments

The Town of Robbinsville has one active construction project at June 30, 2020 for the Tallulah Creek Water Treatment Plant. The Town's commitments with the contractor and engineer were \$26,223 and \$2,500, respectively, at June 30, 2020.

B. Liabilities**1. Local Governmental Employees' Retirement System****Plan Description**

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Robbinsville 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 Robbinsville's contractually required contribution rate for the year ended June 30, 2020, was 8.95% of compensation for law enforcement officers, 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 Robbinsville were \$38,001 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$188,980 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 0.00692%, which was an increase of 0.00124% of its proportional share measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$102,841. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,358	-
Changes of assumptions	30,801	-
Net difference between projected and actual earnings	4,609	-
Changes in proportion and differences between employer contributions and proportionate share of	43,655	172
Employer contributions subsequent to the measurement date	38,001	-
Total	<u>\$ 149,424</u>	<u>\$ 172</u>

\$38,001 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 outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 50,432
2022	22,721
2023	30,683
2024	7,415
2025	-
Thereafter	-
	<u>\$ 111,251</u>

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

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

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are

based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or

net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 432,231	\$ 188,980	\$ (13,212)

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.

2. Other Employment Benefits

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

For the fiscal year ended June 30, 2020, the Town made contributions to the State for death benefits of \$878. The Town's required contributions for employees represented 0.09% of covered payroll.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows and inflows of resources.

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 38,001
Differences between expected and actual experience	32,358
Changes of assumptions	30,801
Net differences between projected and actual earnings	4,609
employer contributions and proportionate share of contributions	43,655
Total	<u>\$ 149,424</u>

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

	Statement of Net Position	General Fund Balance Sheet
Differences between expected and actual experience		
Taxes Receivable, less penalties (General Fund)	-	\$ 20,440
Changes in proportion and differences between employer contributions and proportionate share of contributions	172	-
Differences between expected and actual experience	-	-
Total	<u>\$ 172</u>	<u>\$ 20,440</u>

2. 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 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 insured values of the property policy, worker's compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town has not experienced significant flooding in the past years; therefore, the Town does not consider flood insurance necessary at this time.

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. Graham County collects the Town's property taxes so no bonding is needed for a tax collector. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

3. Long Term Obligations

a. Installment Purchases

Serviced by Water and Sewer Fund:

Drinking Water - Long's Creek Storage Tank, executed March 2011 for \$748,471, due in annual installments of \$37,424 through May 2031, interest calculated additional at 2.22%.	\$ 446,800
Sanitary Sewer - Tallulah Creek and Atoah Street, executed April 2013 for \$139,536, due in annual installments of \$6,977 through May 2032, interest calculated additional at 2.00%,	<u>83,721</u>
Total installment purchases serviced by the water and sewer fund	<u>\$ 530,521</u>

Annual debt service requirements to maturity for installment purchases are as follows:

Year Ending June 30	<u>Business-type Activities</u>	
	Principal	Interest
2021	\$ 47,595	\$ 11,593
2022	47,595	10,552
2023	47,595	9,511
2024	47,595	8,470
2025	47,595	7,428
2026-2030	237,976	21,522
2031	54,570	1,322
Total	<u>\$ 530,521</u>	<u>\$ 70,398</u>

b. Revenue Bonds

The future payments of the revenue bonds are as follows:

\$1,665,000 Water and Sewer Revenue Bond, Series 2013A, issued for the construction of a waste water treatment facility. Principle and interest installments are due annually on June 1, at an annual interest rate of 2.75%.	\$ 1,486,000
\$385,000 Water and Sewer Revenue Bond, Series 2013B issued for the construction of a waste water treatment facility. Principle and interest installments are due annually on June 1, at an annual interest rate of 2.00%.	336,000
\$250,000 Water and Sewer Revenue Bond, Series 2016A issued for the construction of a lime stabilization facility. Principle and interest installments due annually in December, at an annual interest rate of 1.875%.	235,140
\$83,000 Water and Sewer Revenue Bond, Series 2016B issued for the construction of a lime stabilization facility. Principle and interest installments due annually in December, at an annual interest rate of 1.875%.	<u>76,754</u>
Total Revenue Bonds	<u>\$ 2,133,894</u>

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 41,067	\$ 53,504
2022	42,101	52,482
2023	44,215	51,430
2024	45,332	50,328
2025	46,451	49,197
2026-2030	246,112	227,871
2031-2035	278,433	195,780
2036-2040	316,077	158,984
2041-2045	359,075	117,080
2046-2050	406,461	69,434
2051-2055	289,270	17,657
2056-2057	19,300	654
Total	<u>\$2,133,894</u>	<u>\$ 1,044,401</u>

The Town is in compliance with bond requirements to establish a loan reserve by making annual deposits equal to one-tenth of the Debt Service Reserve Fund until the total is reached. The Final Debt Service Reserve Fund requirement is defined in the Bond Order at approximately \$82,500. At June 30, 2020, the Town had set aside \$61,412 into this loan reserve, meeting the required reserve amount set forth.

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2,050,000 in water and sewer system revenue bonds issued in December 2013 and December 2016, respectively. Proceeds from the bonds provided financing for the construction of a waste water treatment and sludge dewatering facility on Sandhole Road. The bonds are payable solely from water and sewer customer net revenues and are payable through 2053 and 2057, respectively. Annual principal and interest payments are expected to be approximately \$82,500 on the 2013 bonds and \$11,900 on the 2016 bonds. The total principal and interest remaining to be paid on the bonds is \$3,178,295. Principal and interest paid for the current year was \$95,324.

The remaining legal debt margin of the Town at June 30, 2020, was \$3,386,304.

c. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Net pension obligation (LGERS)	\$ 39,099	\$ 17,595	\$ -	\$ 56,694	\$ -
Compensated absences	9,196	6,753	9,074	6,875	6,875
Governmental activity long-term liabilities	<u>\$ 48,295</u>	<u>\$ 24,348</u>	<u>\$ 9,074</u>	<u>\$ 63,569</u>	<u>\$ 6,875</u>
Business-type activities:					
Revenue Bonds	\$ 2,176,440	\$ -	\$ 42,546	\$ 2,133,894	\$ 41,042
Installment purchase	578,116	-	47,595	530,521	47,595
Net pension obligation (LGERS)	95,650	36,636	-	132,286	-
Compensated absences	29,820	23,882	20,741	32,961	24,000
Business-type long-term activity	<u>\$ 2,880,026</u>	<u>\$ 60,518</u>	<u>\$ 110,882</u>	<u>\$ 2,829,662</u>	<u>\$ 112,637</u>

C. Interfund Balances and Activity

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

Due from the General Fund from the Water and Sewer Fund	<u>\$ 18,869</u>
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The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

D. Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets	\$ 106,041	\$ 15,112,866
Less: long-term debt	-	2,664,415
Net investment in capital assets	<u>\$ 106,041</u>	<u>\$ 12,448,451</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 1,055,116
Less:	
Prepays	11,143
Stabilization by State Statute	59,922
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	<u>\$ 984,051</u>

F. Summary Disclosure of Significant Contingencies

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

G. Significant Effects of Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. During the Town's fiscal year ending June 30, 2020 and subsequent to year-end, the Town's utility collection rate has been negatively impacted by the virus. And, as the pandemic and its impact appears to continue well after year-end, the future effects of these issues are unknown.

Subsequent events have been evaluated through September 11, 2020, which is the date the audit report was available to be issued.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

Schedule "1"

Town of Robbinsville, North Carolina
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years*

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Robbinsville's proportion of the net pension liability (asset) (%)	0.00692%	0.00568%	0.00299%	0.00572%	0.00529%	0.00479%	0.00450%
Robbinsville's proportion of the net pension liability (asset) (\$)	\$ 188,980	\$134,749	\$ 45,679	\$ 121,398	\$ 23,742	\$ (28,249)	\$ 54,242
Robbinsville's covered-employee payroll (as of the prior fiscal year) *	\$ 442,721	\$369,244	\$248,463	\$ 322,599	\$322,802	\$293,609	\$ 293,609
Robbinsville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.69%	36.49%	18.38%	37.63%	7.35%	(9.62%)	18.47%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

Town of Robbinsville, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 38,001	\$ 34,311	\$ 54,722	\$ 36,201	\$ 45,132	\$ 22,822	\$ 42,250
Contributions in relation to the contractually required contribution	<u>38,001</u>	<u>34,311</u>	<u>54,722</u>	<u>36,201</u>	<u>45,132</u>	<u>22,822</u>	<u>42,250</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Robbinsville's covered-employee payroll	\$424,594	\$442,721	\$369,244	\$248,463	\$322,599	\$322,802	\$293,609
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	14.82%	14.57%	13.99%	7.07%	14.39%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule "3"

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 332,228	
Penalties and interest		5,177	
Total	\$ 320,345	337,405	\$ 17,060
Unrestricted intergovernmental:			
Local option sales tax		140,346	
Utility sales tax		87,817	
Telecommunications sales tax		14,002	
Video programming distribution		486	
Solid waste disposal tax		477	
Miscellaneous		2,691	
Total	249,760	245,819	(3,941)
Restricted intergovernmental:			
Powell Bill allocation		17,536	
Total	17,000	17,536	536
Investment earnings	2,600	5,356	2,756
Total revenues	589,705	606,116	16,411 cont.

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Expenditures:			
General government:			
Mayor's expenses		17,708	
Aldermens' expenses		28,800	
Donations		11,700	
Parade and dances		4,358	
Miscellaneous		680	
Total	99,200	63,246	35,954
Finance:			
Salaries and employee benefits		84,568	
Operating expenses		118,560	
Total	224,623	203,128	21,495
Total general government	323,823	266,374	57,449
Public safety:			
Police:			
Operating expenditures	-	-	-
Fire:			
Operating expenditures	6,150	793	5,357
Total public safety	6,150	793	5,357
			cont.

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

	2020		Variance
	Budget	Actual	Positive (Negative)
Economic Development:			
Salaries and employee benefits		-	
Festivals and events		5,500	
Capital outlays		-	
Total economic development	31,200	5,500	25,700
Transportation:			
Streets and highways:			
Salaries and employee benefits		136,742	
Operating expenditures		32,582	
Capital outlays		30,471	
Total transportation	267,532	199,795	67,737
Cultural and recreational:			
Donation to County library	7,000	7,000	-
Debt service:			
Principal		-	
Interest		-	
Total debt service	-	-	-
Total expenditures	635,705	479,462	156,243
Revenues over (under) expenditures	(46,000)	126,654	172,654
Other financing sources (uses):			
Transfer from other funds	23,200	-	(23,200)
Fund Balance Appropriated	22,800	-	(22,800)
Total	46,000	-	(46,000)
Net change in fund balance	\$ -	126,654	\$ 126,654
Fund balances, beginning		928,462	
Fund balances, ending		<u>\$ 1,055,116</u>	

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

	2020		Variance
	Budget	Actual	Positive/(Negative)
Revenues:			
Operating revenues:			
Water charges	\$	\$ 736,889	\$
Water taps, reconnect and other fees		14,288	
Sewer charges		368,903	
Sewer taps, reconnect and other fees		3,847	
Sewer dump revenue		4,555	
Total charges for services	1,133,140	1,128,482	(4,658)
Other miscellaneous operating revenues	9,303	16,891	7,588
Total operating revenues	1,142,443	1,145,373	2,930
Nonoperating revenues (expenses):			
Investment earnings		2,834	
Total nonoperating revenues	1,800	2,834	1,034
Total revenues	1,144,243	1,148,207	3,964
Expenditures:			
Water administration			
Salaries and employee benefits		30,192	
Other departmental expenditures		2,330	
Total	32,688	32,522	166
Water treatment and distribution:			
Salaries and employee benefits		195,777	
Professional and contract services		37,124	
Supplies		37,000	
Utilities		33,514	
Maintenance and repair		9,623	
Other department expenses		5,774	
Total	381,092	318,812	62,280
Water plant maintenance:			
Salaries and employee benefits		108,808	
Supplies		23,774	
Utilities		10,428	
Maintenance and repair		18,457	
Other department expenses		1,638	
Total	218,767	163,105	55,662
Sewer administration			
Salaries and employee benefits		27,563	
Other departmental expenditures		4,720	
Total	32,687	32,283	404
Sewer treatment and plant maintenance:			
Salaries and employee benefits		96,362	
Contracted services		60,154	
Supplies		13,861	
Utilities		71,314	
Maintenance and repair		35,603	
Other department expenses		2,149	
Total	342,494	279,443	63,051
Debt service:			
Principal retirement - water		40,618	
Principal retirement - sewer		49,523	
Interest and fees - water		10,821	
Interest and fees - sewer		54,672	
Total debt service	174,579	155,634	18,945
Total expenditures	1,182,307	981,799	200,508
Revenues over expenditures	(38,064)	166,408	204,472
Other financing sources:			
Appropriations from fund balance	38,064	-	(38,064)
Total other financing sources	38,064	-	(38,064)
Revenues over expenditures and other financing sources	\$ -	\$ 166,408	\$ 166,408
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Payment of debt principal		90,141	
Depreciation		(482,025)	
Loss on sale of assets		(5,188)	
Increase in accrued vacation/compensated time payable		(3,140)	
Decrease in deferred outflows-pension		(9,691)	
Decrease in deferred inflows-pension		559	
Increase in net pension liability		(36,636)	
Capital contributions from capital projects fund		468,428	
Total reconciling items		22,448	
Change in net position		\$ 188,856	

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

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Tallulah Creek Water Plant Improvements					
N.C. Division of Water Infrastructure	487,500	-	468,428	468,428	(19,072)
Investment earnings	-	-	-	-	-
Total revenues	<u>487,500</u>	<u>-</u>	<u>468,428</u>	<u>468,428</u>	<u>(19,072)</u>
Expenditures:					
Tallulah Creek Water Plant Improvements					
Construction Costs	516,600	-	494,962	494,962	21,638
Contingency	25,830	-	-	-	25,830
Technical Services-Planning & Design	12,000	-	12,000	12,000	-
Technical Services-Construction Phase	53,000	-	50,000	50,000	3,000
Construction Administration	50,000	-	55,500	55,500	(5,500)
Legal & Testing	12,570	-	4,250	4,250	8,320
Closing Costs	7,859	-	7,859	7,859	-
	<u>677,859</u>	<u>-</u>	<u>624,571</u>	<u>624,571</u>	<u>53,288</u>
Total expenditures	<u>677,859</u>	<u>-</u>	<u>624,571</u>	<u>624,571</u>	<u>53,288</u>
Other financing sources:					
Transfers in/(out)	163,046	-	156,143	156,143	(6,903)
Proceeds from Loan	27,313	-	-	-	(27,313)
Total other financing sources	<u>190,359</u>	<u>-</u>	<u>156,143</u>	<u>156,143</u>	<u>(34,216)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ -</u>		

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

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019 - 2020	\$ -	\$ 318,242	\$ 307,083	\$ 11,159
2018 - 2019	18,618	-	10,316	8,302
2017 - 2018	13,461	-	8,484	4,977
2016 - 2017	11,137	-	4,860	6,277
2015 - 2016	6,736	-	2,164	4,572
2014 - 2015	5,797	-	178	5,619
2013 - 2014	3,883	-	525	3,358
2012 - 2013	4,956	-	70	4,886
2011 - 2012	3,361	-	249	3,112
2010 - 2011	2,571	-	393	2,178
2009 - 2010	2,269	-	2,269	-
	<u>\$ 72,789</u>	<u>\$ 318,242</u>	<u>\$ 336,591</u>	<u>54,440</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(34,000)</u>
Ad valorem taxes receivable - net				<u>\$ 20,440</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 337,405
Reconciling items:				
Interest collected				(5,177)
Releases, net of other adjustments				3,939
Taxes written off				424
Subtotal				<u>(814)</u>
Total collections and credits				<u>\$ 336,591</u>

Town of Robbinsville, 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	\$ 49,244,154	0.6000	\$ 320,087	\$ 306,142	\$ 13,945
Discoveries:					
Prior year taxes	-	0.6000	-	-	-
Total	-		-	-	-
Abatements - current year taxes	283,846.00	0.6000	1,845	1,845	-
Total property valuation	<u>\$ 48,960,308</u>				
Current net levy			\$ 318,242	304,297	13,945
Uncollected taxes at June 30, 2020			(11,159)	(11,159)	-
Current year's taxes collected			<u>\$ 307,083</u>	<u>\$ 293,138</u>	<u>\$ 13,945</u>
Current levy collection percentage			<u>96.49%</u>	<u>96.33%</u>	<u>100.00%</u>

COMPLIANCE SECTION

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
*Government Auditing Standards***

To the Honorable Mayor and Board of Aldermen
Town of Robbinsville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Robbinsville, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Robbinsville's basic financial statements, and have issued our report thereon dated September 11, 2020. Our report includes a reference to financial statements of the Robbinsville Tourism Development Authority as described in our report on the Town of Robbinsville's financial statements. This report does not include testing of internal control over financial reporting or compliance and other matters. The financial statements of the Robbinsville Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Robbinsville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Robbinsville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs (as Findings 2020-001) that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Robbinsville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Robbinsville's Response to Finding

The Town of Robbinsville's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

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

Ray, Bumgarner, Kingshill & Assoc., P.A.

Waynesville, North Carolina
September 11, 2020

Town of Robbinsville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X none reported
- Significant Deficiency(s) identified that are
not considered to be material weaknesses? X yes no

Noncompliance material to financial
statements noted

 yes X no

Town of Robbinsville, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II. Financial Statement Findings

SIGNIFICANT DEFICIENCY

2020 – 001 Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: Due to the limited number of employees in the Town office, there are not enough employees to adequately segregate incompatible duties.

Cause: Budgetary limitations do not allow the hiring of additional employees.

Effect: Because of the lack of segregation of duties, it is possible for an employee to misappropriate funds and conceal a transaction.

Views of responsible officials and planned corrective actions: The Town agrees with this finding, and will adhere to the corrective action plan on page 52 of this audit report.

Recommendation: Because it is neither practical nor cost-effective to hire additional employees, duties should be separated as much as possible, and alternative controls should be used to compensate for lack of segregation. We recommend that the governing board provide some of these controls and we commend the Board for their regular involvement in the Town's daily operations.

Context/Perspective: This condition is pervasive.



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Phone: (828) 479-3250*

Town of Robbinsville, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020

Section II. Financial Statement Findings

SIGNIFICANT DEFICIENCY

2016 – 001 Segregation of Duties

Name of contact person: Steve Hooper, Mayor

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date: The Board has implemented the above and continues to make strides in order to segregate duties to the extent possible.

Town of Robbinsville, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2020

FINANCIAL STATEMENT FINDING

None

Town of Robbinsville, North Carolina
NC State Reserve Project Grant
Project Description: Tallulah Creek Water Treatment Plant Improvements
Project Number: H-SRP-D-17-0071
From Project Inception to June 30, 2020

Statement of Revenues:

State Funds - NC Water Infrastructure Fund	<u>\$ 468,428</u>
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Statement of Expenditures:

Construction Costs	369,721
Technical Services - Planning & Design	12,000
Technical Services - Construction Phase	28,223
Construction Administration	46,375
Legal & Testing	4,250
Closing Costs	<u>7,859</u>
 Total expenditures	 <u>\$ 468,428</u>