

**TOWN OF TAYLORTOWN, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

***For the Fiscal Year Ended June 30, 2020***

TOWN OF TAYLORTOWN, NORTH CAROLINA

TOWN OFFICIALS

JUNE 30, 2020

MAYOR

JAMES THOMPSON

TOWN COUNCIL

MARVIN TAYLOR - MAYOR PRO-TEM

GARY BROWN

MITCHELL RATLIFF

BRIDGET COTTON

OTHER OFFICIALS

RITA MANESS

TOWN CLERK

WILLIAM MORGAN, JR.

TOWN ATTORNEY

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**TABLE OF CONTENTS**  
**June 30, 2020**

<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION</b>	
	Independent Auditor's Report..... 1
	Management's Discussion and Analysis..... 3
	Basic Financial Statements:
	Government-wide Financial Statements:
1	Statement of Net position..... 10
2	Statement of Activities..... 11
	<b>Fund Financial Statements:</b>
3	Balance Sheet - Governmental Fund ..... 12
4	Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund..... 13
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities..... 14
6	Statement of Revenues, Expenditures, and Changes in Fund Balance - Annual Budget and Actual - General Fund ..... 15
7	Statement of Net position - Proprietary Fund ..... 16
8	Statement of Revenues, Expenses and Changes in Fund Net position - Proprietary Fund ..... 17
9	Statement of Cash Flows - Proprietary Fund ..... 18
	Notes to the Financial Statements..... 19
	<b>Required Supplemental Financial Data:</b>
	Schedule of the Proportionate Share of Net Pension Liability Local Government Employees' Retirement System ..... 37
	Schedule of Contributions – Local Government Employees' Retirement System ..... 38
	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance ..... 39
	Schedule of Total Pension Liability as a Percentage of Covered Payroll ..... 40
	<b>INDIVIDUAL FUND SCHEDULES:</b>
	Major Governmental Fund
	General Fund:
A-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual..... 41
	Enterprise Fund:
	Water and Sewer Fund
B-1	Schedule of Revenues and Expenditures - Budget and Actual (non-gaap) ..... 44
B-2	Capital Project Fund Schedule of Revenues and Expenditures – Budget and Actual (non-gaap) ..... 45
	<b>OTHER SCHEDULES</b>
C-1	Schedule of Ad Valorem Taxes Receivable ..... 46
C-2	Analysis of Current Tax Levy ..... 47

## **FINANCIAL SECTION**

220 East Washington Street  
Post Office Box 697  
Rockingham, North Carolina 28380  
(910) 557-1176

Other Office Locations:  
Seven Lakes, North Carolina  
Gastonia, North Carolina  
Statesville, North Carolina

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

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

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 37 and 38, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedule of Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 39 and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary and Other Information

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

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



Rockingham, NC  
September 22, 2020

## Management's Discussion and Analysis

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

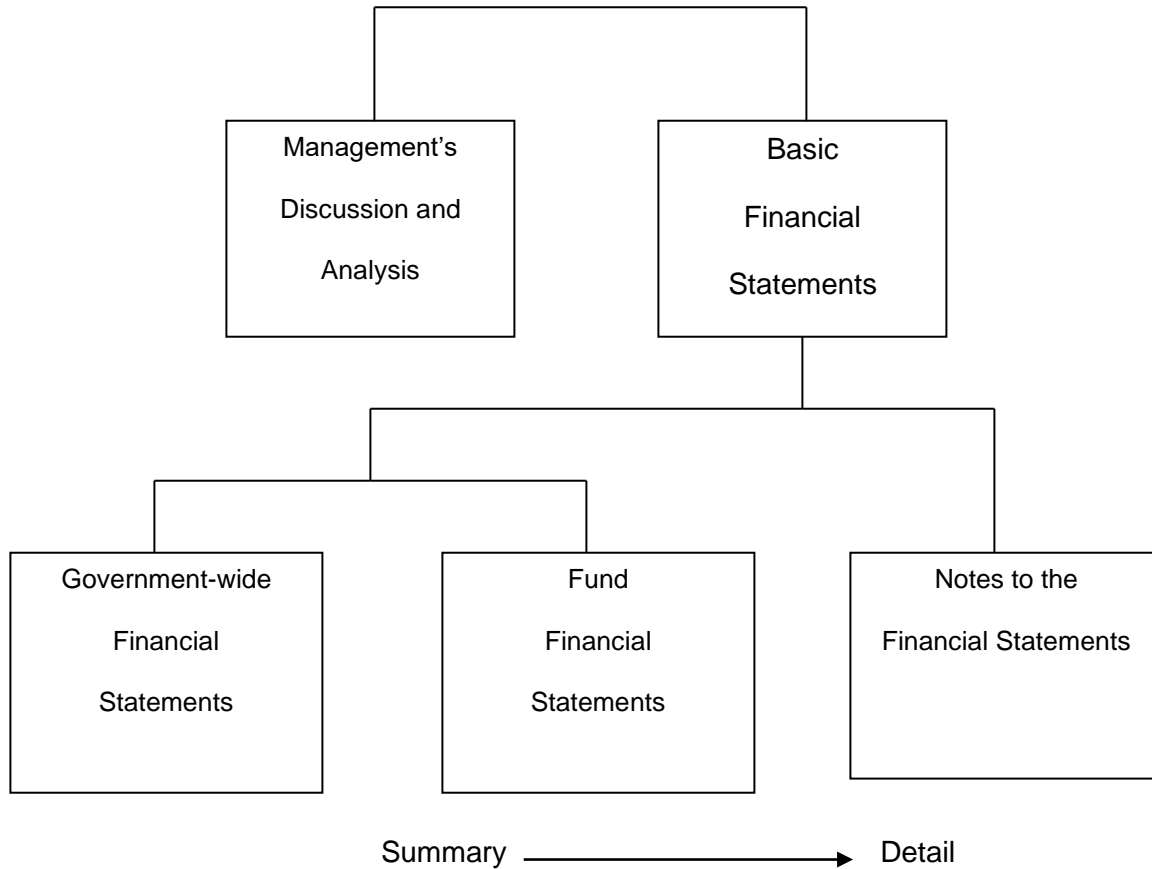
### Financial Highlights

- The assets and deferred outflows of resources of the Town of Taylortown exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,452,366 (*net position*).
- The government's total net position increased by \$159,101, primarily due to revenues exceeding expenditures in the Governmental activities.
- As of the close of the current fiscal year, the Town of Taylortown's general governmental fund reported an ending fund balance of \$1,226,144, an increase of \$202,707 in fund balance. Approximately 42.0 percent of this total amount, or \$514,799, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$514,799, or 63.6 percent of the total General Fund expenditures for the fiscal year.
- The Town of Taylortown's had no debt during the current fiscal year.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report



### Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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



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

The government-wide statements are divided into two categories: governmental activities and business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, transportation, environmental protection, culture and recreation, and debt service. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Taylortown.

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

## **Fund Financial Statements**

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19-36 of this report.

**The Town of Taylortown's Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 1,253,839	\$ 1,051,640	\$ (250,717)	\$ (220,596)	\$ 1,003,122	\$ 831,044
Capital assets	906,259	907,076	629,401	638,722	1,535,660	1,545,798
Deferred outflows of resources	<u>53,448</u>	<u>60,379</u>	<u>4,180</u>	<u>4,565</u>	<u>57,628</u>	<u>64,944</u>
Total assets and deferred outflows of resources	<u>2,213,546</u>	<u>2,019,095</u>	<u>382,864</u>	<u>422,691</u>	<u>2,596,410</u>	<u>2,441,786</u>
Long-term liabilities						
outstanding	87,379	85,733	6,675	5,462	94,054	91,195
Other liabilities	27,004	28,345	12,385	25,480	39,389	53,825
Deferred inflows of resources	<u>10,551</u>	<u>3,408</u>	<u>50</u>	<u>93</u>	<u>10,601</u>	<u>3,501</u>
Total liabilities and deferred inflows of resources	<u>124,934</u>	<u>117,486</u>	<u>19,110</u>	<u>31,035</u>	<u>144,044</u>	<u>148,521</u>
Net position						
Net investment in capital assets	906,259	907,076	629,401	638,722	1,535,660	1,545,798
Restricted	711,345	566,351	-	-	711,345	566,351
Unrestricted	<u>471,008</u>	<u>428,182</u>	<u>(265,647)</u>	<u>(247,066)</u>	<u>205,361</u>	<u>181,116</u>
Total net position	<u>\$ 2,088,612</u>	<u>\$ 1,901,609</u>	<u>\$ 363,754</u>	<u>\$ 391,656</u>	<u>\$ 2,452,366</u>	<u>\$ 2,293,265</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Taylortown exceeded liabilities and deferred inflows by \$2,452,366 as of June 30, 2020. The Town's net position increased by \$159,101 for the fiscal year ended June 30, 2020. The smaller portions 8.4% and 29.0% reflect the Town's unrestricted net position and restricted net position, respectively. The largest portion of the Town of Taylortown net position 62.6% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) that was issued to acquire those items. The Town of Taylortown uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Taylortown's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

## The Town of Taylortown's Changes in Net Position

	Governmental		Business-Type		Totals	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 62,952	\$ 33,397	\$ 229,393	\$ 175,799	\$ 292,345	\$ 209,196
Operating grants and contributions	23,367	22,881	-	-	23,367	22,881
General revenues:					-	-
Property taxes	628,551	481,819	-	-	628,551	481,819
Grants and contributions not restricted to specific programs	290,181	255,498	-	-	290,181	255,498
Other revenues	<u>6,302</u>	<u>48,548</u>	-	-	<u>6,302</u>	<u>48,548</u>
Total revenues	<u>1,011,353</u>	<u>842,143</u>	<u>229,393</u>	<u>175,799</u>	<u>1,240,746</u>	<u>1,017,942</u>
Expenses:					-	-
General government	353,466	308,674	-	-	353,466	308,674
Public safety	391,961	322,622	-	-	391,961	322,622
Transportation	35,365	80,771	-	-	35,365	80,771
Environmental protection	37,215	41,235	-	-	37,215	41,235
Culture and recreation	6,343	6,343	-	-	6,343	6,343
Water and sewer	-	-	<u>257,295</u>	<u>265,131</u>	<u>257,295</u>	<u>265,131</u>
Tota expenses	<u>824,350</u>	<u>759,645</u>	<u>257,295</u>	<u>265,131</u>	<u>1,081,645</u>	<u>1,024,776</u>
Increase (decrease) in net position	187,003	82,498	(27,902)	(89,332)	159,101	(6,834)
Net position July 1,	<u>1,901,609</u>	<u>1,819,111</u>	<u>391,656</u>	<u>480,988</u>	<u>2,293,265</u>	<u>2,300,099</u>
Net position June 30	<u>\$ 2,088,612</u>	<u>\$ 1,901,609</u>	<u>\$ 363,754</u>	<u>\$ 391,656</u>	<u>\$ 2,452,366</u>	<u>\$ 2,293,265</u>

**Governmental activities:** Governmental activities increased the Town's net position by \$187,003. The key elements of this increase were as follows:

- Revenues exceeded expenditures by \$187,003. The increase in revenue was \$169,210.

**Business-type activities:** Business-type activities decreased the Town's net position by \$27,902. The key elements of this decrease were as follows:

- Revenues exceeded expenditures by \$27,902.

### *Financial Analysis of the Town's Funds*

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

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

The general fund is the chief operating fund of the Town of Taylortown. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$514,799, while total fund balance equaled \$1,226,144. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 63.6 percent of total General Fund expenditures, while total fund balance represents 151.4 percent of that same amount.

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

**Proprietary Funds.** The Town of Taylortown's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to (\$265,647). The total decrease in net position was \$27,902.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Taylortown's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$1,535,660 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles. During the year, there were no capital additions and no disposals.

#### Town of Taylortown's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and construction in progress	\$ 386,058	\$ 386,058	\$ 114,259	\$ 84,106	\$ 500,317	\$ 470,164
Buildings and improvements	453,078	479,082	515,142	554,616	968,220	1,033,698
Machinery and equipment	44,962	39,822	-	-	44,962	39,822
Vehicles	22,161	2,114	-	-	22,161	2,114
Total	<u>\$ 906,259</u>	<u>\$ 907,076</u>	<u>\$ 629,401</u>	<u>\$ 638,722</u>	<u>\$ 1,535,660</u>	<u>\$ 1,545,798</u>

Additional information on the Town's capital assets can be found in NOTE 2.A. of the Basic Financial Statements.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Taylortown is \$10,060,960.

Additional information regarding the Town of Taylortown's long-term debt can be found in NOTE 2.B.5. beginning on page 29 of this report.

## **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities:** The governmental funds' primary revenue resources are property taxes and intergovernmental revenues. For the fiscal year ending June 30, 2021, the General Fund budget decreased by approximately 8.3%.

**Business - type Activities:** For the fiscal year ending June 30, 2021, the Water and Sewer Fund budget decreased by approximately 15.2%.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Taylortown, Post Office Box 1274, Pinehurst, North Carolina 28370.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 532,920	\$ 168,759	\$ 701,679
Taxes receivables (net)	4,995	-	4,995
Accounts receivable (net)	4,980	20,492	25,472
Internal balances	439,968	(439,968)	-
Due from other governments	77,077	-	77,077
Prepaid expense	4,579	-	4,579
Restricted cash and cash equivalents	189,320	-	189,320
Total current assets	<u>1,253,839</u>	<u>(250,717)</u>	<u>1,003,122</u>
Non-current assets			
Capital assets			
Land and construction in progress	386,058	114,259	500,317
Other capital assets, net of depreciation	520,201	515,142	1,035,343
Total capital assets	<u>906,259</u>	<u>629,401</u>	<u>1,535,660</u>
Total assets	<u>2,160,098</u>	<u>378,684</u>	<u>2,538,782</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals-LGERS	42,268	4,180	46,448
Pension deferrals-LEO	11,180	-	11,180
Total deferred outflows of resources	<u>53,448</u>	<u>4,180</u>	<u>57,628</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	22,700	4,759	27,459
Customer deposits	-	6,750	6,750
Compensated absences	4,304	876	5,180
Total current liabilities	<u>27,004</u>	<u>12,385</u>	<u>39,389</u>
Long-term liabilities			
Compensated absences	4,304	875	5,179
Net pension liability-LGERS	58,650	5,800	64,450
Total pension liability-LEO	24,425	-	24,425
Total noncurrent liabilities	<u>87,379</u>	<u>6,675</u>	<u>94,054</u>
Total liabilities	<u>114,383</u>	<u>19,060</u>	<u>133,443</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals-LGERS	510	50	560
Pension deferrals-LEO	10,041	-	10,041
Total deferred inflows of resources	<u>10,551</u>	<u>50</u>	<u>10,601</u>
<b>NET POSITION</b>			
Net investment in capital assets	906,259	629,401	1,535,660
Restricted for:			
Stabilization by State Statute	522,025	-	522,025
Other functions	189,320	-	189,320
Unrestricted	471,008	(265,647)	205,361
Total net position	<u>\$ 2,088,612</u>	<u>\$ 363,754</u>	<u>\$ 2,452,366</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 353,466	\$ 300	\$ -	\$ -	\$ (353,166)	\$ -	\$ (353,166)
Public safety	391,961	122	-	-	(391,839)	-	(391,839)
Transportation	35,365	-	23,367	-	(11,998)	-	(11,998)
Environmental protection	37,215	61,859	-	-	24,644	-	24,644
Cultural and recreational	6,343	671	-	-	(5,672)	-	(5,672)
Total governmental activities	<u>824,350</u>	<u>62,952</u>	<u>23,367</u>	<u>-</u>	<u>(738,031)</u>	<u>-</u>	<u>(738,031)</u>
Business-type activities							
Water and sewer	<u>257,295</u>	<u>229,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,902)</u>	<u>(27,902)</u>
Total business-type activities	<u>257,295</u>	<u>229,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,902)</u>	<u>(27,902)</u>
Total primary government	<u>\$ 1,081,645</u>	<u>\$ 292,345</u>	<u>\$ 23,367</u>	<u>\$ -</u>	<u>\$ (738,031)</u>	<u>\$ (27,902)</u>	<u>\$ (765,933)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					628,551	-	628,551
Grants and contributions, not restricted to specific programs					290,181	-	290,181
Unrestricted investment earnings					1,028	-	1,028
Miscellaneous					5,274	-	5,274
Total general revenues					<u>925,034</u>	<u>-</u>	<u>925,034</u>
Change in net assets					187,003	(27,902)	159,101
Net position, beginning					<u>1,901,609</u>	<u>391,656</u>	<u>2,293,265</u>
Net position, ending					<u>\$ 2,088,612</u>	<u>\$ 363,754</u>	<u>\$ 2,452,366</u>



**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**June 30, 2020**

**Exhibit 3**

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 532,920
Restricted cash	189,320
Receivables, net	
Taxes	4,995
Accounts	4,980
Due from other governments	77,077
Due from other funds	439,968
Prepaid expenses	<u>4,579</u>
Total assets	<u>\$ 1,253,839</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Accounts payable and accrued liabilities	<u>\$ 22,700</u>
Total liabilities	<u>22,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property tax receivable	<u>4,995</u>
Total deferred inflows of resources	<u>4,995</u>
<b>Fund balances</b>	
<b>Restricted</b>	
Stabilization by State Statute	522,025
Streets - Powell Bill	189,320
<b>Assigned</b>	
Subsequent year's expenditures	-
Unassigned	<u>514,799</u>
Total fund balances	<u>1,226,144</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,253,839</u>
Fund balance as reported in the balance sheet - governmental funds	\$ 1,226,144
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	906,259
Deferred outflows of resources related to pensions are not reported in the funds-LGERS & LEO	53,448
Compensated absences not expected to be materially liquidated with expendable available resources	(8,608)
Deferred inflows of resources related to pensions are not reported in the funds	(10,551)
Total pension liability-LGERS & LEO	(83,075)
Liabilities for earned but deferred revenues in fund statements	<u>4,995</u>
Net position of governmental activities	<u>\$ 2,088,612</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**For the year ended June 30, 2020**

---

**Exhibit 4**

	<u>General</u>
REVENUES	
Ad valorem taxes	\$ 629,730
Unrestricted intergovernmental	290,181
Restricted intergovernmental	23,367
Sales and services	62,952
Investment earnings	1,028
Miscellaneous	<u>5,274</u>
Total revenues	<u>1,012,532</u>
EXPENDITURES	
Current	
General government	342,574
Public safety	398,300
Transportation	32,088
Environmental protection	<u>36,863</u>
Total expenditures	<u>809,825</u>
Net change in fund balance	202,707
Fund balance, beginning	<u>1,023,437</u>
Fund balance, ending	<u>\$ 1,226,144</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2020**

---

**Exhibit 5**

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

Net changes in fund balances - total governmental funds		202,707
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. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal		
	Capital outlay	32,030
	Depreciation	(32,848)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Change in deferred revenue for tax revenues		(1,179)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities		
		18,821
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
	Compensated absences	(693)
	Pension expense-LGERS	(27,838)
	Pension expense-LEO	<u>(3,997)</u>
Total change in net position of governmental activities		<u>187,003</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2020**

**Exhibit 6**

	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 635,000	\$ 635,000	\$ 629,730	\$ (5,270)
Unrestricted intergovernmental	243,000	267,656	290,181	22,525
Restricted intergovernmental	24,000	24,000	23,367	(633)
Sales and services	39,000	39,000	62,952	23,952
Investment earnings	1,000	1,000	1,028	28
Miscellaneous	17,100	17,100	5,274	(11,826)
<b>Total revenues</b>	<b>959,100</b>	<b>983,756</b>	<b>1,012,532</b>	<b>28,776</b>
<b>EXPENDITURES</b>				
Current				
General government	577,848	509,848	342,574	167,274
Public safety	374,712	467,368	398,300	69,068
Transportation	54,000	54,000	32,088	21,912
Environmental protection	44,000	44,000	36,863	7,137
<b>Total expenditures</b>	<b>1,050,560</b>	<b>1,075,216</b>	<b>809,825</b>	<b>265,391</b>
Revenues over (under) expenditures	(91,460)	(91,460)	202,707	294,167
Appropriated fund balance	91,460	91,460	-	(91,460)
Net change in fund balance	\$ -	\$ -	202,707	\$ 202,707
Fund balance, beginning			1,023,437	
Fund balance, ending			\$ 1,226,144	

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2020**

**Exhibit 7**

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 168,759
Accounts receivable (net)	<u>20,492</u>
Total current assets	<u>189,251</u>
Capital assets	
Land and construction in progress	114,259
Other capital assets, net of depreciation	<u>515,142</u>
Capital assets, net	<u>629,401</u>
Total assets	<u>818,652</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	<u>4,180</u>
Total deferred outflows of resources	<u>4,180</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	4,759
Due to other funds	439,968
Customer deposits	6,750
Compensated absenses	1,751
Net pension liability	<u>5,800</u>
Total liabilities	<u>459,028</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>50</u>
Total deferred outflows of resources	<u>50</u>
<b>NET POSITION</b>	
Net investment in capital assets	629,401
Unrestricted	<u>(265,647)</u>
Total net position	<u>\$ 363,754</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2020**

**Exhibit 8**

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 227,817
Reconnection fees	<u>1,576</u>
Total operating revenues	<u>229,393</u>
<b>OPERATING EXPENSES</b>	
Administration	41,771
Water and sewer operations	176,050
Depreciation	<u>39,474</u>
Total operating expenses	<u>257,295</u>
Operating (loss)	(27,902)
<b>NONOPERATING REVENUES</b>	
Miscellaneous revenue	<u>-</u>
Total nonoperating revenues	<u>-</u>
Change in net position	(27,902)
Total net position, beginning	<u>391,656</u>
Total net position, ending	<u>\$ 363,754</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Fiscal Year Ended June 30, 2020**

**Exhibit 9**

	<u>Enterprise Fund</u> Water and Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 221,426
Cash paid for goods and services	(204,457)
Cash paid to or on behalf of employees for services	<u>(24,904)</u>
Net cash (used) by operating activities	<u>(7,935)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	<u>(30,153)</u>
Net cash (used) by capital and related financing activities	<u>(30,153)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Due to other funds	<u>121,936</u>
Total cash flows from noncapital financing activities	<u>121,936</u>
Net decrease in cash and cash equivalents	83,848
Balances, beginning	<u>84,911</u>
Balances, ending	<u>\$ 168,759</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating loss	<u>\$ (27,902)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	39,474
Changes in assets and liabilities:	
(Increase) in accounts receivable	(7,967)
(Decrease) in accounts payable and accrued liabilities	(13,877)
Increase in customer deposits	350
Increase in compensated absences	863
(Increase) Decrease in deferred outflows of resources for pensions	385
Increase (Decrease) in net pension liabilities	782
Increase (Decrease) in deferred inflows of resources for pensions	<u>(43)</u>
Total adjustments	<u>19,967</u>
Net cash (used) by operating activities	<u>\$ (7,935)</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statement themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.



**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town of Taylortown, North Carolina, is a municipal corporation which is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, the Town would include any component unit for which it is financially accountable. For the year ended June 30, 2020, no component units were included in the financial statements.

**B. Basis of Presentation**

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings. The Town had no nonmajor governmental or enterprise funds.

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise fund:

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

**C. Measurement Focus and Basis of Accounting**

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

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 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 nonoperating 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, 2019, 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, 2019 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 Taylortown because the tax is levied by Moore County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**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 and enterprise funds. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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 and Investments

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

State law (G.S. 159-30(c)) authorizes the Town board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

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

Restricted Assets

Powell Bill funds are classified as restricted because it can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136.41.4.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Ad Valorem Taxes Receivable

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

Allowance for Uncollectible Accounts

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; and furniture and equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2019 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2019 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The road network is reported at historical costs as reported to the North Carolina Department of Transportation under the Powell Bill program and the water and sewer system assets are reported at their historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-50
Machinery and equipment	5-15
Vehicles	4
Infrastructure	10-40

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 no item that meets this criterion. 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 only two items that meet the criterion for this category - prepaid taxes and property taxes receivable.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. 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 unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net position/Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Fund Balances (Continued)

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.

Assigned fund balance – portion of fund balance that Town of Taylortown intends to use for specific purpose.

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 appropriations.

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

**F. Other**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**NOTE 2 - DETAIL NOTES ON ALL FUNDS**

**A. Assets**

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$790,896 and a bank balance of \$830,288. Of the bank balance, \$342,837 was covered by federal depository insurance and none was covered by collateral held under the pooling method. The Town had petty cash of \$20.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

Investments

At June 30, 2020, the Town had \$100,083 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAA by Standard and Poor's. The Town has no policy regarding credit risk.

Receivables - Allowance for Uncollectible Accounts

The amounts presented in the balance sheet and the statement of net position is net of the following allowances for uncollectible accounts:

General Fund - Taxes Receivable	\$ 545
General Fund – Accounts Receivable	1,496
Enterprise Fund - Accounts Receivable	<u>6,126</u>
Total	<u>\$ 8,167</u>

Due from (to) Other Governmental Agencies

At June 30, 2020, funds due from (to) other governmental agencies consisted of the following:

	<u>Governmental Activities</u>
	<u>General</u>
Local option sales tax	\$ 31,304
Covid 19 CARES Act	31,060
State shared revenues	7,980
Sales tax refund	3,099
Property taxes on vehicles collected by County	<u>3,634</u>
Total	<u>\$ 77,077</u>

Capital Assets

Primary Government

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities				
Capital assets not being depreciated				
Land and construction in progress	\$ 386,058	\$ -	\$ -	\$ 386,058
Capital assets being depreciated				
Buildings and improvements	918,473	-	-	918,473
Machinery and equipment	108,671	6,441	-	115,112
Vehicles	<u>98,781</u>	<u>25,590</u>	<u>54,250</u>	<u>70,121</u>
Total capital assets being depreciated	<u>1,125,925</u>	<u>32,031</u>	<u>54,250</u>	<u>1,103,706</u>
Less accumulated depreciation for				
Buildings and improvements	439,391	26,004	-	465,395
Machinery and equipment	68,849	1,301	-	70,150
Vehicles	<u>96,667</u>	<u>5,543</u>	<u>54,250</u>	<u>47,960</u>
Total accumulated depreciation	<u>604,907</u>	<u>32,848</u>	<u>54,250</u>	<u>583,505</u>
Total capital assets being depreciated, net	<u>521,018</u>	<u>(817)</u>	<u>-</u>	<u>520,201</u>
Governmental activity capital assets, net	<u>\$ 907,076</u>	<u>\$ (817)</u>	<u>\$ -</u>	<u>\$ 906,259</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

Capital Assets (Continued)

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

General government	\$ 17,333
Public safety	5,543
Transportation	3,277
Environmental protection	352
Cultural and recreational	6,343
Total depreciation expense	<u>\$ 32,848</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities				
Land and Construction in progress	\$ 84,106	\$ 30,153	\$ -	\$ 114,259
Capital assets being depreciated				
Plant and distribution system	1,507,187	-	-	1,507,187
Vehicles	9,619	-	-	9,619
Total capital assets being depreciated	<u>1,516,806</u>	<u>-</u>	<u>-</u>	<u>1,516,806</u>
Less accumulated depreciation for				
Plant and distribution system	952,571	39,474	-	992,045
Vehicles	9,619	-	-	9,619
Total accumulated depreciation	<u>962,190</u>	<u>39,474</u>	<u>-</u>	<u>1,001,664</u>
Total capital assets being depreciated, net	<u>554,616</u>	<u>(39,474)</u>	<u>-</u>	<u>515,142</u>
Business-type activity capital assets, net	<u>\$ 638,722</u>	<u>\$ (9,321)</u>	<u>\$ -</u>	<u>\$ 629,401</u>

**B. Liabilities**

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Taylortown 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](http://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



**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**1. Pension Plan Obligations (Continued)**

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. City of Taylortown 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 Taylortown's contractually required contribution rate for the year ended June 30, 2020, was 8.95% of compensation for law enforcement officers and 9.70% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Taylortown was \$18,821 for the year ended June 30, 2020.

*Refunds of Contributions* – City 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 \$64,450 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, the Town's proportion was 0.00236%, which was an increase of 0.00001% from its proportion measured as of June 30, 2018.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

1. Pension Plan Obligations (Continued)

For the year ended June 30, 2020, the Town recognized pension expense of \$31,157. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,035	\$ -
Changes of assumptions	10,504	-
Net difference between projected and actual earnings on pension plan investments	1,572	-
Changes in proportion and differences between City contributions and proportionate share of contributions	4,516	560
City contributions subsequent to the measurement date	18,821	-
Total	<u>\$ 46,448</u>	<u>\$ 560</u>

\$18,821 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 13,302
2021	4,967
2022	6,535
2023	2,262
2024	-
Thereafter	-
	<u>\$ 27,066</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 8.1 percent, including inflation and productivity factor
Investment rate of return	7.0 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.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

1. Pension Plan Obligations (Continued)

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:

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

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

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

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the Fiscal Year Ended June 30, 2020*

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

1. Pension Plan Obligations (Continued)

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 147,408	\$ 64,450	\$ (4,506)

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

b. Law Enforcement Officers Special Separation Allowance

**1. Plan Description.**

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

All full-time County law enforcement officers are covered by the Separation Allowance.

At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>3</u>
Total	3

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**2. Summary of Significant Accounting Policies**

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

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

**3. Actuarial Assumptions**

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

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

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

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

**4. Contributions.**

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

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

At June 30, 2020, the Town reported a total pension liability of \$24,425. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$3,997.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,802	\$ 9,223
Changes of assumptions	1,378	818
County benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 11,180</u>	<u>\$ 10,041</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 978
2022	978
2023	977
2024	(1,212)
2025	(582)
Thereafter	

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

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

	<u>1% Decrease (2.26%)</u>	<u>Discount Rate (3.26%)</u>	<u>1% Increase (4.26)</u>
Total pension liability	\$ 25,251	\$ 24,425	\$ 23,651

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

Beginning balance	\$ 31,044
Service Cost	1,889
Interest on the total pension liability	1,130
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(9,938)
Changes of assumptions or other inputs	300
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 24,425</u>

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

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Pension Expense	\$ 31,157	\$ 3,997	\$ 35,154
Pension Liability	64,450	24,425	88,875
Proportionate share of the net pension liability	0.00265%	N/A	
Deferred of Outflows of Resources			
Difference between expected and actual experience	11,035	9,802	20,837
Changes of assumptions	10,504	1,378	11,882
Net difference between projected and actual earnings on plan investments	1,572	-	1,572
Changes in proportion and differences between contributions and proportionate share of contributions	4,516	-	4,516
Benefit payments and administrative costs paid subsequent to the measurement date	18,821	-	18,821
Deferred of Inflows of Resources			
Difference between expected and actual experience	-	9,223	9,223
Changes of assumptions	-	818	818
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	560	-	560

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

The Town made contributions of \$6,299 for the reporting year. No amounts were forfeited.

2. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government 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 benefits amount. The Town considers these contributions to be immaterial.

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' 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.



**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

The Town does not carry flood insurance as town buildings are not considered located on flood prone areas.

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 (town clerk) is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

5. Long-Term Obligations

Changes in long-term liabilities

The following is a summary of changes in the Town's long-term obligations for the year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current Portion</u> <u>of Balance</u>
Governmental activities:					
Compensated absences	\$ 7,915	\$ 1,306	\$ 613	\$ 8,608	\$ 4,304
Net pension liability (LGERS)	50,732	7,918	-	58,650	-
Total pension liability (LEO)	<u>31,044</u>	<u>-</u>	<u>6,619</u>	<u>24,425</u>	<u>-</u>
Governmental activities total	<u>\$ 89,691</u>	<u>\$ 9,224</u>	<u>\$ 7,232</u>	<u>\$ 91,683</u>	<u>\$ 4,304</u>
Business-type activities:					
Compensated absences	\$ 888	\$ 1,015	\$ 152	\$ 1,751	\$ 876
Net pension liability (LGERS)	<u>5,018</u>	<u>782</u>	<u>-</u>	<u>5,800</u>	<u>-</u>
Business-type activities total	<u>\$ 5,906</u>	<u>\$ 1,797</u>	<u>\$ 152</u>	<u>\$ 7,551</u>	<u>\$ 876</u>

At June 30, 2020, the Town of Taylortown had a legal debt margin of \$10,060,960.

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2020**

---

**NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

6. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Governmental Activities:</b>		
Pension deferrals - LGERS	\$ 42,268	\$ 510
Pension deferrals - LEO	11,180	10,041
<b>Business-type Activities:</b>		
Pension deferrals - LGERS	4,180	50
Total	<u>\$ 57,628</u>	<u>\$ 10,601</u>

7. Interfund Balances

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

Due to the General Fund from the Enterprise Fund for collection of garbage fees within the Enterprise Fund	<u>\$ 439,968</u>
---	-------------------

**NOTE 4 - 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 monies.

**NOTE 5- FUND BALANCE**

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

Total fund balance – General Fund	<u>\$1,226,144</u>
Stabilization by State Statute	522,025
Streets – Powell Bill	189,320
Subsequent years' expenditures	-
Working Capital/Fund Balance Policy	514,799

## Required Supplemental Financial Data

---

This section contains additional information required by the Governmental Accounting Standards Board.

---

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

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Seven Fiscal Years \***

---

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Taylortown's proportion of the net pension liability (asset) (%)	0.00236%	0.00235%	0.00252%	0.00192%	0.00142%	0.00128%	0.00130%
Taylortown's proportion of the net pension liability (asset) (\$)	\$ 64,450	\$ 55,750	\$ 38,499	\$ 40,749	\$ 6,373	\$ (7,549)	\$ 15,670
Taylortown's covered-employee payroll	\$ 181,478	\$ 153,112	\$ 160,113	\$ 105,232	\$ 97,000	\$ 97,796	\$ 97,850
Taylortown's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.51%	36.41%	24.04%	38.72%	6.57%	( 7.72%)	16.01%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**Town of Taylortown's Contributions**  
**Required Supplementary Information**  
**Last Seven Fiscal Years**

---

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 18,821	\$ 14,903	\$ 12,233	\$ 12,258	\$ 7,070	\$ 7,017	\$ 6,998
Contributions in relation to the contractually required contribution	<u>18,821</u>	<u>14,903</u>	<u>12,233</u>	<u>12,258</u>	<u>7,070</u>	<u>7,017</u>	<u>6,998</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Taylortown's covered-employee payroll	\$200,268	\$181,478	\$153,112	\$160,113	\$105,232	\$97,000	\$97,796
Contributions as a percentage of covered-employee payroll	9.40%	8.21%	7.99%	7.66%	6.72%	7.23%	7.16%

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**JUNE 30, 2020, 2019, 2018 and 2017**

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 31,044	\$ 30,290	\$ 7,138	\$ 5,480
Service cost	1,889	2,691	2,087	1,526
Interest on the total pension liability	1,130	957	276	196
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience				
in the measurement of the total pension liability	(9,938)	(1,730)	18,634	-
Changes of assumptions or other inputs	300	(1,164)	2,155	(64)
Benefits payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 24,425</u>	<u>\$ 31,044</u>	<u>\$ 30,290</u>	<u>\$ 7,138</u>

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

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**JUNE 30, 2020, 2019, 2018 and 2017**

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 24,425	\$ 31,044	\$ 30,290	\$ 7,138
Covered Payroll	106,467	107,544	85,327	69,152
Total pension liability as a percentage of covered payroll	22.94%	28.87%	35.50%	10.32%

Notes to the schedules:

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

**INDIVIDUAL FUND  
FINANCIAL STATEMENTS**



## **MAJOR GOVERNMENTAL FUND**

***General Fund*** – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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

**Exhibit A-1**  
**Page 1 of 3**

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Ad valorem taxes			
Current year	\$ -	\$ 626,030	\$ -
Prior years	-	1,920	-
Penalties and interest	-	1,780	-
Tax discounts & refunds	-	-	-
Total	<u>635,000</u>	<u>629,730</u>	<u>(5,270)</u>
Unrestricted intergovernmental revenues			
Local option sales tax	-	207,630	-
Telecommunications tax	-	3,831	-
Utility franchise tax	-	37,480	-
Video franchise fee	-	2,292	-
Beer and wine tax	-	3,256	-
Sales tax refund	-	3,099	-
ABC profit distribution	-	1,533	-
CARES act revenue	-	31,060	-
Total	<u>267,656</u>	<u>290,181</u>	<u>22,525</u>
Restricted intergovernmental revenue			
Powell Bill allocation	-	22,794	-
Solid waste disposal tax	-	573	-
Total	<u>24,000</u>	<u>23,367</u>	<u>(799)</u>
Sales and service			
Cemetery fees	-	300	-
Sanitation fees	-	61,859	-
Court fees	-	122	-
Park and recreation fees	-	671	-
Total	<u>39,000</u>	<u>62,952</u>	<u>23,952</u>
Investment earnings	<u>1,000</u>	<u>1,028</u>	<u>28</u>
Miscellaneous			
Rental income	-	3,350	-
Miscellaneous	-	1,924	-
Total	<u>17,100</u>	<u>5,274</u>	<u>(11,826)</u>
Total revenues	<u>983,756</u>	<u>1,012,532</u>	<u>28,776</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures			
General government			
Governing body			
Salaries and employee benefits	-	28,419	-
Operating expenditures	-	388	-
Total	<u>32,800</u>	<u>28,807</u>	<u>3,993</u>
Administration			
Salaries and employee benefits	-	24,662	-
Operating expenditures	-	107,047	-
Total	<u>218,888</u>	<u>131,709</u>	<u>87,179</u>
Public buildings			
Salaries and employees benefits	-	67,272	-
Operating expenditures	-	104,033	-
Capital outlay	-	6,441	-
Total	<u>247,160</u>	<u>177,746</u>	<u>69,414</u>
Youth, Senior & Taylortown Day services			
Operating expenditures	<u>11,000</u>	<u>4,312</u>	<u>6,688</u>
Total general government	<u>509,848</u>	<u>342,574</u>	<u>167,274</u>
Public safety			
Police			
Salaries and employee benefits	-	171,748	-
Operating expenditures	-	63,404	-
Capital outlay	-	25,589	-
Total	<u>324,756</u>	<u>260,741</u>	<u>64,015</u>
Fire			
Fire service contract	<u>122,612</u>	<u>119,399</u>	<u>3,213</u>
Planning & Zoning			
Code enforcement	<u>20,000</u>	<u>18,160</u>	<u>1,840</u>
Total public safety	<u>467,368</u>	<u>398,300</u>	<u>69,068</u>
Transportation			
Street lights	<u>54,000</u>	<u>32,088</u>	<u>21,912</u>
Total transportation	<u>54,000</u>	<u>32,088</u>	<u>21,912</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance Positive (Negative)
	Budget	Actual	
Environmental protection			
Sanitation			
Contracted services	<u>44,000</u>	<u>36,863</u>	<u>7,137</u>
Total environmental protection	<u>44,000</u>	<u>36,863</u>	<u>7,137</u>
Total expenditures	<u>1,075,216</u>	<u>809,825</u>	<u>265,391</u>
Revenues over (under) expenditures	<u>(91,460)</u>	<u>202,707</u>	<u>294,167</u>
Appropriated fund balance	<u>91,460</u>	<u>-</u>	<u>(91,460)</u>
Net change in fund balance	<u>\$ -</u>	<u>202,707</u>	<u>\$ 202,707</u>
Fund balance, beginning		<u>1,023,437</u>	
Fund balance, ending		<u>\$ 1,226,144</u>	

## ENTERPRISE FUNDS

---

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

---

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

***Water and Sewer Capital Project Fund*** – This fund is used to account for the Town's Water and Sewer USDA Capital Project.

## WATER AND SEWER FUND

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues			
Charges for services			
Water and Sewer charges	\$ -	\$ 227,817	\$ -
Reconnection fees and misc.	-	1,576	-
Total operating revenues	<u>223,500</u>	<u>229,393</u>	<u>5,893</u>
Investment earnings	<u>100</u>	<u>-</u>	<u>(100)</u>
Nonoperating revenues			
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>500</u>	<u>-</u>	<u>(500)</u>
Total revenues	<u>224,100</u>	<u>229,393</u>	<u>5,293</u>
Expenditures			
Water and sewer administration			
Salaries and employee benefits	-	25,899	-
Operating expenditures	-	13,885	-
Total Water and Sewer administration	<u>40,000</u>	<u>39,784</u>	<u>216</u>
Water and sewer operations			
Operating expenditures	<u>-</u>	<u>176,050</u>	<u>-</u>
Total Water and Sewer operations	<u>219,100</u>	<u>176,050</u>	<u>43,050</u>
Total expenditures	<u>259,100</u>	<u>215,834</u>	<u>43,266</u>
Revenues over (under) expenditures	<u>(35,000)</u>	<u>13,559</u>	<u>48,559</u>
Other financing sources			
Transfer from General fund	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Total other financing sources	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>13,559</u>	<u>\$ 13,559</u>
Reconciling items			
Depreciation		\$ (39,474)	
(Increase) in accrued vacation		(863)	
Increase (Decrease) in deferred outflows of resources for pensions		(385)	
(Increase) Decrease in net pension liabilities		(782)	
(Increase) Decrease in deferred inflows of resources for pensions		43	
Total reconciling items		<u>(41,461)</u>	
Change in net position		<u>\$ (27,902)</u>	

**TOWN OF TAYLORTOWN, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECT FUND**

**Exhibit B-2**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**

**From Inception and for the Fiscal Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
USDA Grant	\$ 2,648,000	\$ -	\$ -	\$ -	\$(2,648,000)
Total revenues	<u>2,648,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,648,000)</u>
Expenditures					
Construction	2,776,915	-	-	-	2,776,915
Engineering fees	432,500	84,106	26,394	110,500	322,000
Permitting	2,500	-	-	-	2,500
Land acquisition	9,000	-	-	-	9,000
Land ROW-Easement surveys	4,500	-	-	-	4,500
Surveying	31,500	-	-	-	31,500
Legal services	41,500	-	3,759	3,759	37,741
Contingencies	277,585	-	-	-	277,585
Interest-interim financing	35,000	-	-	-	35,000
Total expenditures	<u>3,611,000</u>	<u>84,106</u>	<u>30,153</u>	<u>114,259</u>	<u>3,496,741</u>
Revenues over (under) expenditures	(963,000)	(84,106)	(30,153)	(114,259)	848,741
Other financing sources					
USDA loan proceeds	963,000	-	-	-	(963,000)
Total other financing sources	<u>963,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(963,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (84,106)</u>	<u>\$ (30,153)</u>	<u>\$ (114,259)</u>	<u>\$ (114,259)</u>
Fund balance, beginning			<u>(84,106)</u>		
Fund balance, ending			<u>(114,259)</u>		

## **Other Schedules**

---

This section includes additional information on property taxes.

---

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



**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2020**

**Exhibit C-1**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 628,810	\$ 625,202	\$ 3,608
2018-2019	1,880	-	1,332	548
2017-2018	833	-	278	555
2016-2017	538	-	104	434
2015-2016	160	-	47	113
2014-2015	98	-	23	75
2013-2014	228	-	156	72
2012-2013	292	-	253	39
2011-2012	299	-	264	35
2010-2011	143	-	83	60
2009-2010	209	-	209	-
	4,681	<u>\$ 628,810</u>	<u>\$ 627,951</u>	5,540
Less: Allowance for uncollectible accounts: Ad valorem taxes receivable				<u>545</u>
Ad valorem taxes receivable - net				<u>\$ 4,995</u>
Reconcilement with revenues:				
Taxes - ad valorem - General Fund				\$ 629,730
Penalties and interest				(1,780)
Discounts allowed				-
Releases				210
Taxes written off				<u>(209)</u>
Total collections and credits				<u>\$ 627,951</u>

**TOWN OF TAYLORTOWN, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**  
**For the Fiscal Year Ended June 30, 2020**

**Exhibit C-2**

	Town-Wide Levy		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxes at current year's rate	\$ 125,762,000	\$0.50	\$ 628,810	\$ 595,358	\$ 33,452
Penalties	-	\$0.50	-	-	-
Total	<u>\$ 125,762,000</u>		<u>\$ 628,810</u>	<u>\$ 595,358</u>	<u>\$ 33,452</u>
Abatements:	-	\$0.50	-	-	-
Total property valuation	<u>\$ 125,762,000</u>				
Net levy			628,810	595,358	33,452
Uncollected taxes at June 30, 2020			<u>3,608</u>	<u>3,608</u>	-
Current year's taxes collected			<u>\$ 625,202</u>	<u>\$ 591,750</u>	<u>\$ 33,452</u>
Current levy collection percentage			<u>99.43%</u>	<u>99.39%</u>	<u>100.00%</u>