

Town of Vanceboro, North Carolina

FINANCIAL STATEMENTS

June 30, 2020



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Town of Vanceboro, North Carolina
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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Board of Aldermen
Town of Vanceboro, 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 Vanceboro, North Carolina, (the "Town") 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 Vanceboro, 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, the Local Government Employees' Retirement System Schedule of the Town's Proportionate Share of Net Pension Liability (Asset) and Schedule of Town Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, as listed within the table of contents, 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 Vanceboro, North Carolina. The individual fund financial statements, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021, on our consideration of the Town of Vanceboro, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Vanceboro, North Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vanceboro's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
July 20, 2021

Town of Vanceboro, North Carolina Management's Discussion and Analysis

As management of the Town of Vanceboro, North Carolina (the "Town") we offer readers of the Town of Vanceboro's financial statements this narrative overview and analysis of the financial activities of the Town of Vanceboro for the 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 Vanceboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,512,466 (net position).
- The government's total net position decreased by \$196,071, due to decreases in business-type activities net position, primarily related to increased repairs and maintenance costs in the water and sewer fund.
- As of close of the current fiscal year, the Town of Vanceboro's governmental funds reported combined ending fund balances of \$996,823 an increase of \$86,293 in comparison with the prior year. Approximately 41% of this total amount, or \$408,199, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund of \$408,199, represented 56% of total general fund expenditures for the fiscal year.
- The Town of Vanceboro's total debt decreased by \$76,468 during the current fiscal year. The key factors in this decrease were principal payments of \$76,468 on general obligation bonds and a note payable to the North Carolina Department of Environmental Quality for rehabilitation of the Town's sewer lines.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Vanceboro'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 Vanceboro.

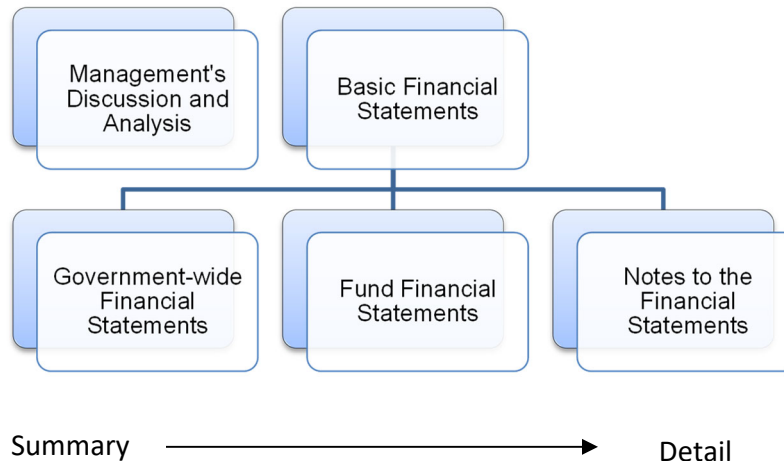
Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; and 3) the proprietary fund statements.

Town of Vanceboro, North Carolina Management's Discussion and Analysis

Required Components of an Annual Financial Report



The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Required Supplemental Information** provides information on the Town's proportionate share of the LGERS net pension liability and the total LEOSA pension liability. **Supplemental Information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

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

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

Town of Vanceboro, North Carolina Management's Discussion and Analysis

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. The 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

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

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

Town of Vanceboro, North Carolina Management's Discussion and Analysis

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Vanceboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 57 of this report. In addition, the Town presents other supplementary information relating to its individual fund schedules and property tax schedules that can be found beginning on page 61.

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

Government-Wide Financial Analysis

Figure 1
Town of Vanceboro, North Carolina
Condensed Statement of Net Position
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,062,007	\$ 955,003	\$ 96,086	\$ 236,402	\$ 1,158,093	\$ 1,191,405
Capital assets	280,953	281,669	3,188,346	3,356,125	3,469,299	3,637,794
Deferred outflows of resources	70,742	64,445	31,242	27,215	101,984	91,660
Total assets and deferred outflows of resources	1,413,702	1,301,117	3,315,674	3,619,742	4,729,376	4,920,859
Current liabilities	53,974	36,245	156,788	144,037	210,762	180,282
Long-term liabilities	121,242	81,611	872,981	932,093	994,223	1,013,704
Deferred inflows of resources	9,636	14,360	2,289	3,976	11,925	18,336
Total liabilities and deferred inflows of resources	184,852	132,216	1,032,058	1,080,106	1,216,910	1,212,322
Net Position						
Net investment in capital assets	280,953	281,669	2,289,128	2,380,439	2,570,081	2,662,108
Restricted	571,150	512,836	-	-	571,150	512,836
Unrestricted (deficit)	376,747	374,396	(5,512)	159,197	371,235	533,593
Total net position	\$ 1,228,850	\$ 1,168,901	\$ 2,283,616	\$ 2,539,636	\$ 3,512,466	\$ 3,708,537

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 resources of the Town of Vanceboro exceed liabilities and deferred inflows of resources by \$3,512,466 as of June 30, 2020. The Town's net position

Town of Vanceboro, North Carolina Management's Discussion and Analysis

decreased by \$196,071 for the fiscal year ended June 30, 2020. The largest portion, 73%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, equipment, and construction in progress), less any related debt still outstanding that was issued to acquire those items. The Town of Vanceboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Vanceboro's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Vanceboro's net position represents resources that are subject to external restrictions on how they may be used. \$82,739 of net position is restricted for cemetery, and \$488,411 is restricted by state statute. The remaining balance of \$371,235 is unrestricted.

Figure 2
Town of Vanceboro, North Carolina
Condensed Statement of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 134,087	\$ 133,300	\$ 540,914	\$ 518,007	\$ 675,001	\$ 651,307
Operating grants and contributions	107,390	66,191	62,500	10,000	169,890	76,191
Capital grants and contributions	44,390	15,000	-	-	44,390	15,000
General revenues:						
Property taxes	291,018	290,377	-	-	291,018	290,377
Other taxes	2,070	1,860	-	-	2,070	1,860
Grants and contributions not restricted to specific programs	219,838	220,969	-	-	219,838	220,969
Other	19,528	12,225	-	-	19,528	12,225
Total revenues	818,321	739,922	603,414	528,007	1,421,735	1,267,929
Expenses:						
General government	303,845	238,380	-	-	303,845	238,380
Public safety	267,986	245,418	-	-	267,986	245,418
Transportation	84,725	187,481	-	-	84,725	187,481
Environmental protection	91,365	110,845	-	-	91,365	110,845
Cultural and recreational	10,451	4,285	-	-	10,451	4,285
Water and sewer	-	-	859,434	708,162	859,434	708,162
Total expenses	758,372	786,409	859,434	708,162	1,617,806	1,494,571
Change in net position	59,949	(46,487)	(256,020)	(180,155)	(196,071)	(226,642)
Net position, beginning	1,168,901	1,215,388	2,539,636	2,719,791	3,708,537	3,935,179
Net position, ending	\$ 1,228,850	\$ 1,168,901	\$ 2,283,616	\$ 2,539,636	\$ 3,512,466	\$ 3,708,537

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.21%. The statewide average in fiscal year 2020 was 98.78%.
- Increased sales tax revenues of approximately \$3,364 due to economic growth in the Town.

Town of Vanceboro, North Carolina Management's Discussion and Analysis

Governmental activities

Revenues for general governmental functions (General Fund and Cemetery Fund) amounted to \$814,686 for the year ended June 30, 2020. Revenues from various sources and increases and decreases in relation to prior year's revenues are shown in the following table:

Figure 3
Town of Vanceboro, North Carolina
Summary of Revenues – Governmental Funds
For the Fiscal Years Ended June 30, 2020 and 2019

Revenue Source	Year Ended June 30, 2020		Year Ended June 30, 2019	
	% of Total	Amount	% of Total	Amount
Ad valorem taxes	35.02%	\$ 285,304	39.20%	\$ 288,321
Other taxes and licenses	0.25%	2,070	0.25%	1,860
Unrestricted intergovernmental	26.98%	219,838	30.04%	220,969
Restricted intergovernmental	18.31%	149,196	10.63%	78,200
Permits and fees	1.85%	15,084	1.84%	13,555
Sales and services	14.86%	121,082	15.96%	117,392
Investment earnings	0.81%	6,576	1.19%	8,772
Miscellaneous	1.59%	12,952	0.47%	3,453
Contributions	0.32%	2,584	0.41%	2,991
Total	100.00%	\$ 814,686	100.00%	\$ 735,513

Assessed valuation of all taxable property in the Town is \$54,896,604 compared to \$54,414,783 for the previous fiscal year. Assessed property values increased \$481,821 (0.89%). The Town of Vanceboro's property tax rate for the fiscal year ended June 30, 2020 was \$0.53 per \$100 of assessed valuation, the same tax rate as the previous year. This resulted in a net decrease of \$3,017 (1.05%) in ad valorem tax revenues due to a decrease in the current year tax collection percentage and prior year tax collections.

Restricted intergovernmental revenues increased by \$70,996. The Town received a grant from Craven County of \$20,000 for improvements to Richard W. Bowers' Park. The Town received \$49,500 from Craven County Schools to reimburse the Town for salaries and benefits of a School Resource Officer. The Town also received reimbursements of \$22,677 from the Federal Emergency Management Agency for damages related to Hurricane Irene in the current year. The Town received a federal grant of \$24,390 for the purchase of equipment for the Police Department.

Expenditures for general government purposes (General Fund) for the year ended June 30, 2020 totaled \$728,393. Total expenditures decreased by \$98,876 (11.95%) from the previous year. Transportation expenditures decreased by \$101,749 due to the expenditure of Powell Bill and Town funds in the prior year to resurface streets throughout the Town. General government expenditures increased by \$16,577 due to increases in professional services. Environmental protection expenditure decreased by \$19,480 due to the removal of debris caused by Hurricane Florence in the previous year. Increases and decreases in relation to prior year's expenditures by major functions of the Town are shown in the following table:

Town of Vanceboro, North Carolina Management's Discussion and Analysis

Figure 4
Town of Vanceboro, North Carolina
Summary of Expenditures by Function – Governmental Funds
For the Fiscal Years Ended June 30, 2020 and 2019

Expenditure Function	Year Ended June 30, 2020		Year Ended June 30, 2019	
	% of Total	Amount	% of Total	Amount
General government	40.14%	\$ 292,379	33.34%	\$ 275,802
Public safety	34.94%	254,530	30.64%	253,446
Transportation	11.18%	81,446	22.14%	183,195
Environmental protection	12.54%	91,365	13.40%	110,845
Cultural and recreational	1.19%	8,673	0.48%	3,981
Total	100.00%	\$ 728,393	100.00%	\$ 827,269

Fund Balance in the General Fund at June 30, 2020 was \$914,084, an increase of \$85,756 from the previous fiscal year, due primarily to the decrease in General Fund expenditures and increases in restricted intergovernmental revenues mentioned above. Fund Balance continues to remain at a level that compliments the Town's financial position, maintains credit worthiness, and provides a resource for unforeseen emergencies.

Business-type activities

The Town's enterprise operations consist of water and sewer utilities. The Water/Sewer net position at June 30, 2020 was \$2,283,616 compared to \$2,539,636 the preceding year. Operations after depreciation resulted in a net loss of (\$256,020) for the year ended June 30, 2020, compared to a net loss of (\$180,155) for the year ended June 30, 2019. Depreciation expense for the current year was \$167,778 compared to \$168,078 for the previous fiscal year. The net loss is due to depreciation expense and increases in repairs and maintenance in the water and sewer fund.

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town of Vanceboro'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 Vanceboro'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 Vanceboro. At the end of the current fiscal year, the Town of Vanceboro's fund balance available in the General Fund was \$423,934, while total fund balance was \$914,084. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available

Town of Vanceboro, North Carolina Management's Discussion and Analysis

fund balance represents approximately 58% of total General Fund expenditures, while total fund balance represents approximately 125% of that same amount.

At June 30, 2020, the governmental funds of the Town of Vanceboro reported a combined fund balance of \$996,823 with a net increase in fund balance of \$86,293.

General Fund Budgetary Highlights: During the fiscal year, the Town made various revisions to its original budget. These changes are shown in Exhibit 5. 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. Actual revenues were less than budgeted revenues by \$14,351, and total budgeted expenditures exceeded actual expenditures by \$120,107.

Proprietary Funds: The Town of Vanceboro's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to a deficit of \$5,512. The total change in net position for the Water and Sewer Funds was a decrease of \$256,020.

Capital Asset and Debt Administration

Capital Assets: The Town of Vanceboro's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$3,469,299 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, streets and infrastructure and construction in progress.

Figure 5
Town of Vanceboro, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 138,544	\$ 138,544	\$ 43,517	\$ 43,517	\$ 182,061	\$ 182,061
Improvements	74,016	78,144	-	-	74,016	78,144
Streets and infrastructure	-	-	3,125,702	3,288,693	3,125,702	3,288,693
Equipment	34,899	17,485	19,127	23,915	54,026	41,400
Vehicles	33,494	47,496	-	-	33,494	47,496
Total	\$ 280,953	\$ 281,669	\$ 3,188,346	\$ 3,356,125	\$ 3,469,299	\$ 3,637,794

Major capital asset transactions during the year include the following:

- \$25,881 to purchase new equipment for the Police Department.

Town of Vanceboro, North Carolina Management's Discussion and Analysis

Additional information on the Town's capital assets can be found in Note 6 of the Notes to the Financial Statements.

Long-term Debt: As of June 30, 2020 the Town of Vanceboro had total debt outstanding of \$899,218, all of which belongs to business-type activities. \$283,598 of this debt is backed by the full faith and credit of the Town. The note payable of \$615,620 is backed by security interest in the property for which it was issued.

Figure 6
Town of Vanceboro, North Carolina
Condensed Statement of Outstanding Liabilities
June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ -	\$ -	\$ 283,598	\$ 319,025	\$ 283,598	\$ 319,025
Note payable	-	-	615,620	656,661	615,620	656,661
Compensated absences	10,627	9,974	4,934	4,219	15,561	14,193
Net pension liability NCLGERS	104,472	70,085	51,464	32,875	155,936	102,960
Net pension liability LEOSSA	16,770	11,526	-	-	16,770	11,526
Total	\$ 131,869	\$ 91,585	\$ 955,616	\$ 1,012,780	\$ 1,087,485	\$ 1,104,365

The Town of Vanceboro's total debt decreased by \$76,468 (7.84%) during the past fiscal year. North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Vanceboro is \$4,391,728.

Additional information regarding the Town of Vanceboro's long-term debt can be found in Note 12 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The Town of Vanceboro has a population of 985.
- The Town's tax collection rates for property excluding motor vehicles and registered motor vehicles are 96.86% and 100.00%, respectively.
- Sales tax revenues for the current year increased by \$3,364 (2.25%) over the previous year.
- Craven County's unemployment rate was 7.6% for the month of June, 2020 compared to the average unemployment for the State of North Carolina of 7.9%

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The property tax rate will remain at \$0.53 per \$100 of assessed property value. Total budgeted expenditures in the General Fund are expected to increase to \$763,468. Garbage collection fees will increase by \$1 to \$18 per month. Town employees will receive a 2% cost

Town of Vanceboro, North Carolina Management's Discussion and Analysis

of living adjustment in compensation. The budget for fiscal year 2021 includes appropriation of fund balance in the amount of \$15,735.

Business-type Activities: The water and sewer consumption rates in the Town will remain the same. However, the minimum (base rate) charge for water and sewer will increase by \$4.00 and \$3.00 per month, respectively. Total budgeted expenditures in the Water and Sewer Fund are expected to decrease to \$625,972. The budget for fiscal year 2021 includes appropriation of fund balance in the amount of \$31,372.

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 Administrator, Town of Vanceboro, North Carolina, 7905 Main Street, P. O. Box 306, Vanceboro, NC 28586. One can also call (252) 244-0919 or visit our website <http://www.vanceboronc.com> for more information.



FINANCIAL STATEMENTS



Town of Vanceboro, North Carolina
Statement of Net Position
June 30, 2020
Exhibit 1

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 74,482	\$ 443,130	\$ 517,612
Investments	392,799	-	392,799
Receivables, net	21,837	30,453	52,290
Due from other governments	59,700	9,588	69,288
Internal balances	428,711	(428,711)	-
Restricted cash and cash equivalents	82,739	41,626	124,365
Total current assets	1,062,007	96,086	1,158,093
Noncurrent assets:			
Capital assets:			
Land and construction in progress	138,544	43,517	182,061
Other capital assets, net of depreciation	142,409	3,144,829	3,287,238
Total capital assets	280,953	3,188,346	3,469,299
Total assets	1,342,960	3,284,432	4,627,392
Deferred Outflows of Resources			
Pension deferrals	70,742	31,242	101,984
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	43,347	32,527	75,874
Payable from restricted assets	-	41,626	41,626
Compensated absences	10,627	4,934	15,561
Current portion of long-term liabilities	-	77,701	77,701
Total current liabilities	53,974	156,788	210,762
Noncurrent liabilities:			
Net pension liability NCLGERS	104,472	51,464	155,936
Total pension liability LEOSSA	16,770	-	16,770
Bonds and notes payable	-	821,517	821,517
Total liabilities	175,216	1,029,769	1,204,985
Deferred Inflows of Resources			
Pension deferrals	9,636	2,289	11,925
Total deferred inflows of resources	9,636	2,289	11,925
Net Position			
Net investment in capital assets	280,953	2,289,128	2,570,081
Restricted for:			
Stabilization by state statute	488,411	-	488,411
Cemetery maintenance	82,739	-	82,739
Unrestricted (deficit)	376,747	(5,512)	371,235
Total net position	\$ 1,228,850	\$ 2,283,616	\$ 3,512,466

The accompanying notes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2020
Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 303,845	\$ -	\$ -	\$ -	\$ (303,845)	\$ -	\$ (303,845)	
Public safety	267,986	15,084	74,761	24,390	(153,751)	-	(153,751)	
Transportation	84,725	-	31,883	-	(52,842)	-	(52,842)	
Environmental protection	91,365	119,003	746	-	28,384	-	28,384	
Cultural and recreational	10,451	-	-	20,000	9,549	-	9,549	
Total governmental activities	758,372	134,087	107,390	44,390	(472,505)	-	(472,505)	
Business-type activities:								
Water and sewer	859,434	540,914	62,500	-	-	(256,020)	(256,020)	
Total primary government	\$ 1,617,806	\$ 675,001	\$ 169,890	\$ 44,390				
General revenues:								
Property taxes, levied for general purpose					291,018	-	291,018	
Other taxes and licenses					2,070	-	2,070	
Grants and contributions not restricted to specific program					219,838	-	219,838	
Unrestricted investment earnings					6,576	-	6,576	
Unrestricted miscellaneous revenue					12,952	-	12,952	
Total general revenues					532,454	-	532,454	
Change in net position					59,949	(256,020)	(196,071)	
Net position, beginning of year					1,168,901	2,539,636	3,708,537	
Net position, end of year					\$ 1,228,850	\$ 2,283,616	\$ 3,512,466	

The accompanying notes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Balance Sheet –Governmental Funds
June 30, 2020
Exhibit 3

	Major	Non-major	
	General Fund	Cemetery Fund	Total
Assets			
Cash and cash equivalents	\$ 74,482	\$ -	\$ 74,482
Investments	392,799	-	392,799
Receivables, net:			
Taxes	13,439	-	13,439
Accounts	8,398	-	8,398
Due from other governments	59,700	-	59,700
Due from Water and Sewer Fund	428,711	-	428,711
Prepaid expenses	1,739	-	1,739
Restricted cash and cash equivalents	-	82,739	82,739
Total assets	\$ 979,268	\$ 82,739	\$ 1,062,007
Liabilities			
Accounts payable and accrued liabilities	\$ 43,347	\$ -	\$ 43,347
Deferred Inflows of Resources			
Property taxes receivable, net	13,439	-	13,439
Sanitation receivables, net	8,398	-	8,398
Total deferred inflows of resources	21,837	-	21,837
Fund Balances			
Nonspendable:			
Prepaid expenses	1,739	-	1,739
Restricted:			
Stabilization by state statute	488,411	-	488,411
Cemetery maintenance	-	82,739	82,739
Assigned			
Subsequent year's expenditures	15,735	-	15,735
Unassigned	408,199	-	408,199
Total fund balances	914,084	82,739	996,823
Total liabilities, deferred inflows of resources, and fund balances	\$ 979,268	\$ 82,739	\$ 1,062,007

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2020
Exhibit 3

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

Total fund balances - governmental funds		\$ 996,823
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:		
Gross capital assets at historical cost	5,718,574	
Accumulated depreciation	<u>(5,437,621)</u>	280,953
Net pension liability NCLGERS		(104,472)
Total pension liability LEOSA		(16,770)
Liabilities for earned revenues considered deferred inflows of resources in governmental funds		
Property taxes receivable, net	13,439	
Sanitation receivables, net	<u>8,398</u>	21,837
Pension related deferrals		
Deferred outflows of resources related to pensions are not reported in the funds		70,742
Deferred inflows of resources related to pensions are not reported in the funds		(9,636)
Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in governmental funds		(10,627)
Net position of governmental activities		<u><u>\$ 1,228,850</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Statement of Revenues, Expenditures, and Changes in
Fund Balance –Governmental Funds
For the Fiscal Year Ended June 30, 2020
Exhibit 4

	Major General Fund	Non-major Cemetery Fund	Total
Revenues			
Ad valorem taxes	\$ 285,304	\$ -	\$ 285,304
Other taxes and licenses	2,070	-	2,070
Unrestricted intergovernmental	219,838	-	219,838
Restricted intergovernmental	149,196	-	149,196
Permits and fees	15,084	-	15,084
Sales and services	121,082	-	121,082
Investment earnings	6,039	537	6,576
Miscellaneous	12,952	-	12,952
Contributions	2,584	-	2,584
Total revenues	814,149	537	814,686
Expenditures			
Current:			
General government	292,379	-	292,379
Public safety	254,530	-	254,530
Transportation	81,446	-	81,446
Environmental protection	91,365	-	91,365
Cultural and recreational	8,673	-	8,673
Total expenditures	728,393	-	728,393
Revenues over (under) expenditures	85,756	537	86,293
Net change in fund balance	85,756	537	86,293
Fund balance, beginning of year	828,328	82,202	910,530
Fund balance, end of year	\$ 914,084	\$ 82,739	\$ 996,823

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020
Exhibit 4

**Amounts reported for governmental activities in the
Statement of Activities (Exhibit 2) are different because:**

Net change in fund balances- total governmental funds	\$	86,293
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures which were capitalized		25,881
Depreciation expense		(26,597)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		29,469
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Change in unavailable tax revenue	5,714	
Change in unavailable sanitation revenue	<u>(2,079)</u>	3,635
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:		
Pension expense	(58,079)	
Compensated absences	(653)	(58,732)
Total changes in net position of governmental activities	\$	59,949

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
General Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance –Budget to Actual
For the Fiscal Year Ended June 30, 2020
Exhibit 5

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 284,000	\$ 284,000	\$ 285,304	\$ 1,304
Other taxes and licenses	1,800	1,800	2,070	270
Unrestricted intergovernmental	212,550	212,550	219,838	7,288
Restricted intergovernmental	33,000	176,500	149,196	(27,304)
Permits and fees	8,400	8,400	15,084	6,684
Sales and services	122,750	122,750	121,082	(1,668)
Investment earnings	-	-	6,039	6,039
Miscellaneous	40,000	20,000	12,952	(7,048)
Contributions	2,500	2,500	2,584	84
Total revenues	705,000	828,500	814,149	(14,351)
Expenditures				
Current:				
General government	258,909	258,909	292,379	(33,470)
Public safety	243,603	317,103	254,530	62,573
Transportation	75,438	75,438	81,446	(6,008)
Environmental protection	119,000	119,000	91,365	27,635
Cultural and recreational	8,050	78,050	8,673	69,377
Total expenditures	705,000	848,500	728,393	120,107
Revenues over (under) expenditures	-	(20,000)	85,756	105,756
Fund balance appropriated	-	20,000	-	(20,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	85,756	<u>\$ 85,756</u>
Fund balance, beginning of year			<u>828,328</u>	
Fund balance, end of year			<u>\$ 914,084</u>	

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Statement of Net Position – Proprietary Fund
June 30, 2020
Exhibit 6

	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 443,130
Accounts receivables, net	30,453
Due from other governments	9,588
Restricted cash and cash equivalents	41,626
Total current assets	524,797
Noncurrent assets:	
Capital assets:	
Land and construction in progress	43,517
Other capital assets, net of depreciation	3,144,829
Total capital assets	3,188,346
Total noncurrent assets	3,188,346
Total assets	3,713,143
Deferred Outflows of Resources	
Pension deferrals	31,242
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	32,527
Compensated absences	4,934
Due to General Fund	428,711
General obligation bonds - current	36,660
Note payable - current	41,041
Liabilities payable from restricted assets	
Customer deposits	41,626
Total current liabilities	585,499
Noncurrent liabilities:	
Net pension liability	51,464
General obligation bonds - noncurrent	246,938
Note payable - noncurrent	574,579
Total noncurrent liabilities	872,981
Total liabilities	1,458,480
Deferred Inflows of Resources	
Pension deferrals	2,289
Net Position	
Net investment in capital assets	2,289,128
Unrestricted (deficit)	(5,512)
Total net position	\$ 2,283,616

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Statement of Revenues, Expenses, and Changes in
Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2020
Exhibit 7

	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 540,914
Operating Expenses	
Water operations	330,193
Sewer operations	350,111
Depreciation	167,778
Total operating expenses	848,082
Operating loss	(307,168)
Nonoperating revenues (expenses)	
Federal and state grants	62,500
Interest and fees	(11,352)
Total nonoperating revenues (expenses)	51,148
Change in net position	(256,020)
Net position, beginning of year	2,539,636
Net position, end of year	\$ 2,283,616

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2020
Exhibit 8

	Water and Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 547,224
Cash paid for goods and services	(516,708)
Cash paid to employees for services	(136,021)
Customer deposits received	4,425
Customer deposits returned	(1,425)
Net cash used by operating activities	(102,505)
Cash Flows From Noncapital Financing Activities	
Increase in due to other funds	65,111
Cash Flows From Capital and Related Financing Activities	
Federal and state grants	72,500
Principal paid on debt maturities	(76,468)
Interest paid on debt maturities	(11,453)
Net cash used by capital and related financing activities	(15,421)
Net decrease in cash and cash equivalents	(52,815)
Cash and cash equivalents, beginning of year	537,571
Cash and cash equivalents, end of year	\$ 484,756
Unrestricted cash and cash equivalents	\$ 443,130
Restricted cash and cash equivalents	41,626
Total cash and cash equivalents	\$ 484,756

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2020
Exhibit 8 (continued)

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	\$ (307,168)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	167,778
Changes in assets, liabilities and deferred inflows and outflows of resources:	
(Increase) decrease in accounts receivable	8,034
(Increase) decrease in due from other governments	(3,663)
Increase (decrease) in accounts payable and accrued liabilities	7,905
Increase (decrease) in customer deposits	3,000
(Increase) decrease in deferred outflows of resources for pensions	(4,027)
Increase (decrease) in deferred inflows of resources for pensions	(1,687)
Increase (decrease) in net pension liability	18,589
Increase (decrease) in compensated absences payable	715
Total adjustments	204,663
Net cash used by operating activities	\$ (102,505)

The accompanying footnotes are an integral part of these financial statements.

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Town of Vanceboro is a municipal corporation, which is governed by an elected mayor and a five-member board. As required by generally accepted accounting principles, these financial statements include all funds of the Town.

Basis of Presentation

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

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

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

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

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

Cemetery Fund – This fund is used to account for the expenditures required to maintain the Town's two cemeteries.

The Town reports the following major enterprise funds:

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

Measurement Focus, Basis of Accounting

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

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

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

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

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Water and Sewer Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for any Capital Project Fund. The Water and Sewer Capital Project Fund is consolidated with the Water and Sewer Fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the line item level for all annually budgeted funds and at the project level for the multi-year funds. The Town's finance officer is authorized by the budget ordinance to transfer appropriations between line item areas within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or change functional appropriations by more than \$2,500 must be approved by the governing board. The Town must adopt an interim budget that covers that time until the annual ordinance can be adopted.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.
- June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.
- July 1 - The budget ordinance shall be adopted by the governing board.

Deposits and Investments

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

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

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is 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 monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments with an original maturity date of three months or less are considered cash and cash equivalents. Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

Use of Estimates

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

Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. As of June 30, 2020, the Town has expended all of its Powell Bill funds. All funds in the Cemetery Fund are restricted per the agreement between the Town and the cemetery's previous owner. As a condition of the cemetery donation, the Town agreed to restrict the funds for cemetery maintenance and upkeep expenditures. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Restricted cash and cash equivalents at June 30, 2020 consists of the following:

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Activities:

Cemetery Fund:

Cemetery maintenance and upkeep	\$ 82,739
Total governmental activities	\$ 82,739

Business-type Activities:

Water and Sewer Fund:

Customer deposits	\$ 41,626
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Total Restricted Cash	\$ 124,365
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Ad Valorem Taxes Receivable

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

Allowance for Doubtful Accounts

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

Prepaid items

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; equipment and furniture, \$1,000; vehicles and motorized equipment, \$5,000; computer software and computer equipment \$1,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the time of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Water and sewer plant	20-50 years
Water and Sewer system	20-50 years
Infrastructure	40 years
Machinery and equipment	5-10 years
Automobiles and light trucks	5-10 years

Deferred Outflows/Inflows of Resources

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

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary 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 an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position / Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

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

Restricted for Cemetery Maintenance – portion of fund balance that is restricted by the contributor and may only be used for cemetery maintenance and upkeep expenditures.

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

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

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

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in

Town of Vanceboro, North Carolina Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

which the contributions are due. The Town of Vanceboro's employer contributions are recognized when due and the Town of Vanceboro has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Adoption of New Financial Accounting Standards

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

In May 2020, the GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. The requirements of this Statement are effective immediately. The Town is reviewing these standards to determine the applicability and the effect, if any, on the Town's financial statements.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 84, Fiduciary Activities
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.
- The effective dates of the following pronouncements are postponed by 18 months:
 - Statement No. 87, Leases
 - Implementation Guide No. 2019-3, Leases

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 84, Fiduciary Activities ("GASB 84"), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018 (December 15, 2019 under GASB No. 95). The Town is reviewing this standard to determine the effect on the Town's financial statements.

GASB Statement No. 87, Leases ("GASB 87"), seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The Town is reviewing this standard to determine the effect on the Town's financial statements. Under GASB No. 95, the effective date of this statement has been postponed by 18 months.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Violation of State Statute

The Town did not document expenditures were pre-audited in the manner required by the Local Government Budget & Fiscal Control Act as required by NCGS 159-28.

Excess of Expenditures over Appropriations

Budgets are adopted at the line item level. The Budget Officer is authorized to transfer appropriations within a fund in amounts not to exceed \$2,500 of the appropriated monies for the line item whose allocation is reduced. Any revisions that alter total expenditures of any fund must be approved by the governing board. For the fiscal year ended June 30, 2020, the following expenditures exceeded the authorized appropriations made by the governing board. Management and the Board will more closely review the budget reports to ensure compliance in future years.

General Fund:

General Government:

Governing Body	\$	2,310
Administration	\$	31,160
Transportation	\$	6,008
Cultural Recreation:		
Library	\$	26

Water and Sewer Fund:

Water Operations	\$	52,332
Debt Service	\$	21

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 3 – DEPOSITS

All of the Town's deposits 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 Town's 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 the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$641,847 and a bank balance of \$655,073. Of the bank balance \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method as detailed above. At June 30, 2020, Town of Vanceboro had \$130 cash on hand.

NOTE 4 – INVESTMENTS

At June 30, 2020, the Town's investment balances were as follows:

Investment Type	Valuation	Book Value at 6/30/2020	Maturity	Rating
	Measurement Method			
NCCMT - Government Portfolio	Fair Value - Level 1	\$ 10,792	N/A	AAAm
NCCMT - Term Portfolio *	Fair Value - Level 1	382,007	.15 years	Unrated
Total		\$ 392,799		

* As of June 30, 2020, the NCCMT Term Portfolio had a duration of 0.15 years. Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P. The NCCMT Term Portfolio has no rating.

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 4 – INVESTMENTS (continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. The Town does not have a formal investment policy.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The Town's investment in the North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

NOTE 5 - RECEIVABLES

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

	Accounts Receivable	Taxes Receivable	Total
Governmental Activities:			
General Fund	\$ 12,353	\$ 16,921	\$ 29,274
Allowance for doubtful accounts	(3,955)	(3,482)	(7,437)
Total governmental activities	\$ 8,398	\$ 13,439	\$ 21,837
Business-type Activities:			
Water and Sewer Fund	\$ 44,798	\$ -	\$ 44,798
Allowance for doubtful accounts	(14,345)	-	(14,345)
Total business-type activities	\$ 30,453	\$ -	\$ 30,453

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 5 – RECEIVABLES (continued)

Due from other governments at June 30, 2020 Town consist of the following:

	Governmental Activities	Business-type Activities	Total
State of North Carolina:			
Local option sales taxes	\$ 39,984	\$ -	\$ 39,984
Excise and franchise taxes	12,121	-	12,121
Solid waste disposal taxes	178	-	178
Sales and use tax refund	2,122	9,588	11,710
Total	54,405	9,588	63,993
Craven County, North Carolina:			
Ad valorem taxes	5,295	-	5,295
Total due from other governments	\$ 59,700	\$ 9,588	\$ 69,288

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS

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

Governmental Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 138,544	\$ -	\$ -	\$ 138,544
Capital assets being depreciated:				
Buildings	237,308	-	-	237,308
Improvements	125,022	-	-	125,022
Streets and infrastructure	5,000,000	-	-	5,000,000
Equipment	66,964	25,881	-	92,845
Vehicles	124,855	-	-	124,855
Total capital assets being depreciated	5,554,149	25,881	-	5,580,030
Less accumulated depreciation for:				
Buildings	237,308	-	-	237,308
Improvements	46,878	4,128	-	51,006
Streets and infrastructure	5,000,000	-	-	5,000,000
Equipment	49,479	8,467	-	57,946
Vehicles	77,359	14,002	-	91,361
Total accumulated depreciation	5,411,024	26,597	-	5,437,621
Total capital assets being depreciated, net	143,125	(716)	-	142,409
Total governmental activities capital assets, net	\$ 281,669	\$ (716)	\$ -	\$ 280,953

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

General government	\$ 2,766
Public safety	21,325
Transportation	728
Cultural and recreation	1,778
Total	\$ 26,597

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (continued)

Business-type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Water and Sewer Fund:</i>				
Capital assets not being depreciated:				
Land	\$ 43,517	\$ -	\$ -	\$ 43,517
Total capital assets not being depreciated	43,517	-	-	43,517
Capital assets being depreciated:				
Plant and distribution systems	6,416,245	-	-	6,416,245
Water tank	436,679	-	-	436,679
Equipment	85,604	-	-	85,604
Vehicles	64,374	-	-	64,374
Total capital assets being depreciated	7,002,902	-	-	7,002,902
Less accumulated depreciation for:				
Plant and distribution systems	3,210,849	153,190	-	3,364,039
Water tank	353,383	9,800	-	363,183
Equipment	61,689	4,788	-	66,477
Vehicles	64,374	-	-	64,374
Total accumulated depreciation	3,690,295	167,778	-	3,858,073
Total capital assets being depreciated, net	3,312,607	(167,778)	-	3,144,829
Total business-type activities capital assets, net	\$ 3,356,124	\$ (167,778)	\$ -	\$ 3,188,346

NOTE 7 – PAYABLES

Accounts payable and accrued expenses at the government-wide level at June 30, 2020, were as follows:

	Vendors	Payroll and Employee Benefits	Accrued Interest	Total
Governmental Activities:				
General Fund	\$ 37,162	\$ 6,185	\$ -	\$ 43,347
Business-type Activities:				
Water and Sewer Fund	\$ 29,900	\$ 1,818	\$ 809	\$ 32,527

NOTE 8 – PENSION PLAN OBLIGATIONS

Local Governmental Employees' Retirement System

Plan Description: The Town of Vanceboro 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and 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.

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Vanceboro 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 Vanceboro's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees 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 Vanceboro were \$29,469 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$155,936 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 0.00571%, which was an increase of 0.00137% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$67,500. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,700	\$ -
Changes of assumptions	25,415	-
Net difference between projected and actual earnings on pension plan investments	3,804	-
Changes in proportion and difference between Town contributions and proportionate share of contributions	9,274	6,936
Town contributions subsequent to the measurement date	29,469	-
Total	\$ 94,662	\$ 6,936

\$29,469 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 27,296
2022	9,684
2023	15,153
2024	6,124
2025	-
Thereafter	-
	<u><u>\$ 58,257</u></u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension 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 Vanceboro, North Carolina

Notes to Financial Statements

NOTE 8 – 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:

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

Notes to Financial Statements

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 356,653	\$ 155,936	\$ (10,901)

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

Law Enforcement Officers Special Separation Allowance

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

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	3
Total	3

A separate report was not issued for the plan.

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

Summary of Significant Accounting Policies:

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

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

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

Actuarial Assumptions:

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

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

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

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 and \$0, respectively, as benefits came due, for the fiscal year end June 30, 2020, and the calendar year ended December 31, 2019, the actuarial valuation 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 \$16,770. 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 \$3,454.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,737	\$ 4,441
Changes of assumptions	1,585	548
Town benefit payments and administrative expenses made subsequent to the measurement date	-	-
Total	\$ 7,322	\$ 4,989

\$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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 564
2022	564
2023	564
2024	564
2025	265
Thereafter	(188)
	<u>\$ 2,333</u>

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

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Town's proportionate share of the net pension liability (asset)	\$ 18,611	\$ 16,770	\$ 15,090

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

	2020	2019	2018	2017
Beginning balance	\$ 11,526	\$ 15,912	\$ 5,359	\$ 4,708
Changes for the year				
Service Cost	2,470	1,724	1,670	701
Interest	420	503	207	168
Change in benefit terms	-	-	-	-
Difference between expected and actuarial experience in the measurement of the total pension liability	1,697	(6,019)	7,007	-
Changes in assumptions or other inputs	657	(594)	1,669	(218)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Net changes	<u>5,244</u>	<u>(4,386)</u>	<u>10,553</u>	<u>651</u>
Ending balance of the total pension liability	<u>\$ 16,770</u>	<u>\$ 11,526</u>	<u>\$ 15,912</u>	<u>\$ 5,359</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.

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 67,500	\$ 3,454	\$ 70,954
Pension Liability	155,936	16,770	172,706
Proportionate share of the net pension liability	0.00571%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	26,700	5,737	32,437
Changes of assumptions	25,415	1,585	27,000
Net difference between expected and actual earnings on plan investments	3,804	-	3,804
Changes in proportion and differences between contributions and proportionate share of contributions	9,274	-	9,274
Benefit payments and administrative costs paid subsequent to the measurement date	29,469	-	29,469
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	4,441	4,441
Changes of assumptions	-	548	548
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,936	-	6,936

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.

NOTE 8 – PENSION PLAN OBLIGATIONS (continued)

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 and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$7,541, which consisted of \$7,281 from the Town and \$260 from law enforcement officers and other employees. No amounts were forfeited.

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town has implemented Government Auditing Standards Board Statement No. 32 relating to the reporting of this information.

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' 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. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers.

For the fiscal year ended June 30, 2020, the Town made contributions to the State for death benefits of \$170. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.14% of covered payroll, respectively. The Town considers these contributions to be immaterial.

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources at June 30, 2020 are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions		
Difference between expected and actual experience	\$ 32,437	\$ 4,441
Changes of assumptions	27,000	548
Net difference between projected and actual earnings on pension plan investments	3,804	-
Change in proportion and difference between employer contributions and proportionate share of contributions	9,274	6,936
Contributions to pension plan in the current fiscal year	29,469	-
Benefit payments and administrative expenses for LEOSSA	-	-
Total - Exhibit 1 Statement of Net Position	\$ 101,984	\$ 11,925
Taxes receivable, net, less penalties (General)	\$ -	\$ 13,439
Sanitation accounts receivable (General)	-	8,398
Total - Exhibit 3 Balance Sheet Governmental Funds	\$ -	\$ 21,837

NOTE 10 - COMMITMENTS

The Town has contracted with the North Carolina Department of Corrections to provide water to, and to treat wastewater from the Eastern Processing Center. The rate charged to the Processing Center is two and two-thirds (2 2/3) times the rate being charged to Vanceboro residents. The Town will receive a minimum monthly charge of \$14,433 based on water usage of 76,000 gallons per day. The total amount charged to the Eastern Processing Center was \$173,192 for the year ended June 30, 2020.

The Town has 2 maintenance contracts with Utility Service Co., Inc. for repairs, maintenance and inspection of the Town's 2 elevated water storage tanks. The Town also leases a postage meter for \$60 per month under an operating lease expiring May 21, 2023. The Town leases a copier for \$62 per month under an operating lease effective July 1, 2019 through June 30, 2024. The expenses under these agreements for fiscal year 2020 were \$104,459. Annual payments due under the terms of the contracts are as follows:

Fiscal Year	Water Tank 1	Water Tank 2	Copier	Postage Meter	Total
2021	\$ 43,269	\$ 59,726	\$ 744	\$ 720	\$ 104,459
2022	43,269	59,726	744	720	104,459
2023	-	-	744	720	1,464
2024	-	-	744	-	744
Total	\$ 86,538	\$ 119,452	\$ 2,976	\$ 2,160	\$ 211,126

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 11 – 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 a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town has worker's compensation coverage of \$1,000,000 per occurrence. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation 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.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

The Town carries commercial coverage for all other risks of loss. There has been no significant reduction 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.

NOTE 12 – LONG-TERM OBLIGATIONS

General Obligation Indebtedness

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

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

Serviced by the Water and Sewer Fund:

\$532,109, Refunding Bond Series 2012, dated June 19, 2012, due in annual installments beginning June 1, 2013 of \$27,596 and increasing periodically thereafter with a final payment of \$44,363 on June 1, 2027, interest at a rate of 3.59 percent.

\$ 283,598

Annual debt service payments to maturity of the general obligation bonds as of June 30, 2020, including interest of \$42,015, are as follows:

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 12 – LONG-TERM OBLIGATIONS (continued)

Year Ending June 30,	Principal	Interest
2021	\$ 36,660	\$ 10,181
2022	37,941	8,865
2023	39,223	7,503
2024	40,543	6,095
2025	41,792	4,639
2026-2027	87,439	4,732
Totals	\$ 283,598	\$ 42,015

Note Payable – North Carolina Department of Environment and Natural Resources

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

\$820,826 Note payable to the North Carolina Department of Environmental Quality payable in 20 annual installments of \$41,042 without interest beginning May 1, 2016 and ending May 1, 2035.

\$ 615,620

Annual debt service payments for the note payable as of June 30, 2020, including interest of \$0, are as follows:

Year Ending June 30,	Principal	Interest
2021	\$ 41,041	\$ -
2022	41,041	-
2023	41,041	-
2024	41,041	-
2025	41,042	-
2026-2030	205,207	-
2031-2035	205,207	-
Totals	\$ 615,620	\$ -

At June 30, 2020, the Town of Vanceboro had a legal debt margin of \$4,391,728.

Town of Vanceboro, North Carolina
Notes to Financial Statements

NOTE 12 – LONG-TERM OBLIGATIONS (continued)

Changes in Long-Term Liabilities

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balances
Governmental Activities:					
Compensated absences	\$ 9,974	\$ 653	\$ -	\$ 10,627	\$ 10,627
Net pension liability NCLGERS	70,085	34,387	-	104,472	-
Total pension liability LEOSA	11,526	5,244	-	16,770	-
Total	\$ 91,585	\$ 40,284	\$ -	\$ 131,869	\$ 10,627
Business-type Activities:					
Compensated absences	\$ 4,219	\$ 715	\$ -	\$ 4,934	\$ 4,934
Net pension liability NCLGERS	32,875	18,589	-	51,464	-
General obligation bonds	319,025	-	35,427	283,598	36,660
Note payable	656,661	-	41,041	615,620	41,041
Total	\$ 1,012,780	\$ 19,304	\$ 76,468	\$ 955,616	\$ 82,635

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

NOTE 13 – INTERFUND BALANCES AND ACTIVITY

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

Receivable Fund	Payable Fund	Total
General Fund	Water and Sewer Fund	\$ 428,711

The General Fund has advanced monies to the Water and Sewer Fund for operating purposes. As excess operating funds are received in the Water and Sewer Fund, the outstanding balance will be repaid. The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 14 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2020 consist of the following:

	Governmental Activities	Business-type Activities	Total
Capital assets, net of depreciation	\$ 280,953	\$ 3,188,346	\$ 3,469,299
Less: General obligation debt	-	(283,598)	(283,598)
Note payable	-	(615,620)	(615,620)
Net investment in capital assets	\$ 280,953	\$ 2,289,128	\$ 2,570,081

Town of Vanceboro, North Carolina

Notes to Financial Statements

NOTE 15 – FUND BALANCE

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

Total fund balance - General Fund	\$ 914,084
Less:	
Nonspendable - prepaid expenses	1,739
Stabilization by state statute	488,411
Appropriated Fund Balance in 2021 budget	15,735
Remaining Fund Balance	<u>\$ 408,199</u>

NOTE 16 – JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with nine counties and thirty-eight other municipalities, established the East Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$348 to the Council during the fiscal year ended June 30, 2020.

NOTE 17 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2020, the Town engaged in a related party transaction with a business owned by an elected official. The Town purchased its property, general liability, crime, inland marine, public officials and management liability, and automobile insurance policies for fiscal years 2020 and 2021 through the elected official's insurance agency. The total premium for these policies amounted to \$26,047 for the fiscal year ended June 30, 2020.

NOTE 18 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Board has evaluated subsequent events through July 20, 2021, the date which the financial statements were available to be issued.

Grants

The Town of Vanceboro has received approval of federal state and local grants as listed below:

- State of North Carolina \$50,000 for Richard W. Bowers' Park.
- North Carolina Department of Environmental Quality \$150,000 for Wastewater Asset Inventory Assessment.

NOTE 18 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS (continued)

Corona Virus (COVID-19)

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain operations of the Town have been affected. The ability of some residents to make tax and/or utility payments has and may at times be impacted by the effects of the pandemic, as well as, state shared revenues, local, state and federal grant funding. In response to this event, the Town, through Executive Order of the Governor, suspended its cut-off policies for non-payment of utilities and/or extended due dates and payment options of utilities and property taxes for residents. Continued effects of the pandemic may result in uncertainties and a negative impact on operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

In response to the COVID-19 pandemic many businesses and local governments were temporarily closed. This could have an effect on certain state shared revenues of the Town including sales tax, franchise tax, and Powell Bill (gas tax) received from the State of North Carolina for fiscal years 2021 and 2022. The State has also granted a 6 month extension to all citizens for payment of motor vehicle property taxes for FY 2020. The Town may need to adjust its budget for fiscal years 2021 and 2022 to allow for the possible reduction in revenues. The amount of lost or reduced revenues cannot be estimated at this time.

NOTE 19 – 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 moneys 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.

Unemployment Taxes

The Town elected to pay the direct cost of employment security benefits in lieu of state unemployment payroll taxes. A liability for benefit payments could accrue in the year following discharge of an employee.



REQUIRED SUPPLEMENTARY INFORMATION



Town of Vanceboro, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of the Town's Proportionate Share of the
Net Pension Liability (Asset)
Last Seven Fiscal Years *

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) %	0.00571%	0.00434%	0.00533%	0.00418%	0.00548%	0.00575%	0.00400%
Town's proportion of the net pension liability (asset) \$	\$ 155,936	\$ 102,960	\$ 81,428	\$ 88,714	\$ 24,594	\$ (33,910)	\$ 48,215
Town's covered-employee payroll	\$ 308,404	\$ 298,137	\$ 269,768	\$ 248,984	\$ 238,034	\$ 265,064	\$ 265,064
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.56%	34.53%	30.18%	35.63%	10.33%	-12.79%	18.19%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

Notes to schedule:

* The amounts presented for each 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.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Vanceboro, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of Town Contributions
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 29,469	\$ 24,797	\$ 23,049	\$ 20,125	\$ 16,923	\$ 17,068	\$ 18,740
Contributions in relation to the contractually required contribution	29,469	24,797	23,049	20,125	16,923	17,068	18,740
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 319,093	\$ 308,404	\$ 298,137	\$ 269,768	\$ 248,984	\$ 238,034	\$ 265,064
Contributions as a percentage of covered-employee payroll	9.24%	8.04%	7.73%	7.46%	6.80%	7.17%	7.07%

Notes to schedule:

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Vanceboro, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Changes in Total Pension Liability
For the Fiscal Year Ended June 30, 2020

	2020	2019	2018	2017
Beginning balance	\$ 11,526	\$ 15,912	\$ 5,359	\$ 4,708
Changes for the year				
Service Cost	2,470	1,724	1,670	701
Interest	420	503	207	168
Change in benefit terms	-	-	-	-
Difference between expected and actuarial experience in the measurement of the total pension liability	1,697	(6,019)	7,007	-
Changes in assumptions or other inputs	657	(594)	1,669	(218)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Net changes	5,244	(4,386)	10,553	651
Ending balance of the total pension liability	<u>\$ 16,770</u>	<u>\$ 11,526</u>	<u>\$ 15,912</u>	<u>\$ 5,359</u>

Notes to schedule:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Vanceboro, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Payroll
For the Fiscal Year Ended June 30, 2020

	2020	2019	2018	2017
Total pension liability	\$ 16,770	\$ 11,526	\$ 15,912	\$ 5,359
Town's covered-employee payroll	\$ 126,205	\$ 85,361	\$ 85,376	\$ 44,904
Total pension liability as a percentage of covered payroll	13.29%	13.50%	18.64%	11.93%

Notes to schedule:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



SUPPLEMENTARY INFORMATION



Town of Vanceboro, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2020
Exhibit A-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes	\$ 284,000	\$ 285,002	\$ 1,002
Penalties and interest	-	302	302
Total	284,000	285,304	1,304
Other taxes and licenses:			
Business registration fees	1,800	2,070	270
Total	1,800	2,070	270
Unrestricted Intergovernmental :			
Local option sales taxes	146,000	152,805	6,805
Motor fuel tax refund	2,300	2,416	116
Franchise taxes	60,000	60,106	106
ABC profit distribution	-	275	275
Beer and wine taxes	4,250	4,236	(14)
Total	212,550	219,838	7,288
Restricted Intergovernmental:			
Solid waste disposal tax	-	746	746
State Grants	74,000	24,390	(49,610)
County Grants	69,500	69,500	-
Federal Emergency Management Agency	-	22,677	22,677
Powell Bill allocation	33,000	31,883	(1,117)
Total	176,500	149,196	(27,304)
Permits and fees:			
Officer fees	400	544	144
Police department fees	8,000	14,540	6,540
Total	8,400	15,084	6,684
Sales and services:			
Sanitation revenues	97,250	101,399	4,149
Cemetery sales	25,500	19,683	(5,817)
Total	122,750	121,082	(1,668)
Investment earnings	-	6,039	6,039
Miscellaneous:			
Insurance proceeds	-	11,971	11,971
Other revenues	20,000	981	(19,019)
Total	20,000	12,952	(7,048)
Contributions	2,500	2,584	84
Total revenues	828,500	814,149	(14,351)

Town of Vanceboro, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2020
Exhibit A-1 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
<u>General Government:</u>			
Governing Body:			
Mayor and Aldermen	19,700	19,700	-
Elections	-	2,310	(2,310)
Total	19,700	22,010	(2,310)
Administration:			
Salaries and employee benefits	148,186	146,004	2,182
Repairs and maintenance	5,000	6,916	(1,916)
Other operating expenditures	86,023	117,449	(31,426)
Total	239,209	270,369	(31,160)
Total general government	258,909	292,379	(33,470)
<u>Public Safety:</u>			
Police:			
Salaries and employee benefits	228,753	171,891	56,862
Repairs and maintenance	9,500	9,936	(436)
Other operating expenditures	54,850	46,822	8,028
Capital outlay	24,000	25,881	(1,881)
Total public safety	317,103	254,530	62,573
<u>Transportation:</u>			
Streets:			
Salaries and employee benefits	30,338	31,221	(883)
Repairs and maintenance	17,100	26,534	(9,434)
Other operating expenditures	28,000	23,691	4,309
Total transportation	75,438	81,446	(6,008)
<u>Environmental Protection:</u>			
Sanitation:			
Contracted services	84,000	81,404	2,596
Total	84,000	81,404	2,596
Cemetery:			
Operating expenditures	35,000	9,961	25,039
Total environmental protection	119,000	91,365	27,635

Town of Vanceboro, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2020
Exhibit A-1 (continued)

	Final Budget	Actual	Variance Positive (Negative)
<u>Cultural and Recreational:</u>			
Library:			
Insurance	3,500	3,500	-
Building repairs	1,000	1,025	(25)
Other operating expenditures	3,550	3,551	(1)
Total	8,050	8,076	(26)
Parks and Recreation:			
Capital outlay	70,000	597	69,403
Total cultural and recreational	78,050	8,673	69,377
Total expenditures	848,500	728,393	120,107
Revenues over (under) expenditures	(20,000)	85,756	105,756
Fund balance appropriated	20,000	-	(20,000)
Net change in fund balance	<u>\$ -</u>	85,756	<u>\$ 85,756</u>
Fund balance, beginning of year		<u>828,328</u>	
Fund balance, end of year		<u>\$ 914,084</u>	

Town of Vanceboro, North Carolina
Cemetery Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2020
Exhibit A-2

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ 537	\$ 537
Total revenues	-	537	537
Expenditures			
Environmental protection Cemetery	-	-	-
Revenues over (under) expenditures	<u>\$ -</u>	<u>537</u>	<u>\$ 537</u>
Fund balance, beginning of year		<u>82,202</u>	
Fund balance, end of year		<u>\$ 82,739</u>	

Town of Vanceboro, North Carolina
Water and Sewer Fund Schedules of Revenues and
Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
Exhibit B-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating revenues:			
Charges for services:			
Water charges	\$ 176,201	\$ 173,018	\$ (3,183)
Sewer charges	191,187	190,654	(533)
Water and sewer taps/reconnections	8,500	4,050	(4,450)
Operation and maintenance	184,500	173,192	(11,308)
Total charges for services	560,388	540,914	(19,474)
Other operating revenues	2,000	-	(2,000)
Total operating revenues	562,388	540,914	(21,474)
Nonoperating revenues:			
State grants	150,000	62,500	(87,500)
Total nonoperating revenues	150,000	62,500	(87,500)
Total revenues	712,388	603,414	(108,974)
Expenditures			
Water operations:			
Salaries and employee benefits	95,804	102,042	(6,238)
Repairs and maintenance	12,000	28,997	(16,997)
Water tank maintenance	105,000	102,995	2,005
Other operating expenditures	51,650	82,752	(31,102)
Total	264,454	316,786	(52,332)
Sewer operations:			
Salaries and employee benefits	49,350	48,534	816
Repairs and maintenance	49,750	112,596	(62,846)
Other operating expenditures	291,687	188,798	102,889
Total	390,787	349,928	40,859
Debt service:			
Debt principal		76,468	
Interest and fees		11,453	
Total	87,900	87,921	(21)
Total expenditures	743,141	754,635	(11,494)
Revenues over (under) expenditures	(30,753)	(151,221)	(120,468)
Fund balance appropriated	30,753	-	(30,753)
Net change in fund balance	\$ -	\$ (151,221)	\$ (151,221)

Town of Vanceboro, North Carolina
Water and Sewer Fund Schedules of Revenues and
Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020
Exhibit B-1 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other financing sources over (under)			
expenditures and other financing uses		\$ (151,221)	
Reconciling items:			
Debt principal		76,468	
(Increase) decrease in accrued interest payable		101	
Increase (decrease) in deferred outflows - pensions		4,027	
(Increase) decrease in deferred inflows - pensions		1,687	
(Increase) decrease in net pension liability		(18,589)	
(Increase) decrease in accrued compensated absences		(715)	
Depreciation		(167,778)	
Total reconciling items		(104,799)	
Change in net position		\$ (256,020)	

Town of Vanceboro, North Carolina
Schedule 1 - Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 291,282	\$ 283,164	\$ 8,118
2018-2019	6,394	-	1,716	4,678
2017-2018	729	-	85	644
2016-2017	602	-	2	600
2015-2016	356	-	6	350
2014-2015	317	-	-	317
2013-2014	731	-	-	731
2012-2013	608	-	15	593
2011-2012	538	-	1	537
2010-2011	367	-	14	353
2009-2010	343	-	343	-
	<u>\$ 10,985</u>	<u>\$ 291,282</u>	<u>\$ 285,346</u>	16,921
Less allowance for uncollectible ad valorem taxes receivable				(3,482)
Ad valorem taxes receivable, net				<u>\$ 13,439</u>
<u>Reconciliation with revenues:</u>				
Total ad valorem taxes - General Fund				\$ 285,304
Penalties and interest, net of discounts				(302)
Refunds				-
Amounts written off for prior year taxes and releases				344
Total collections and credits				<u>\$ 285,346</u>

Town of Vanceboro, North Carolina
Schedule 2 - Analysis of Current Tax Levy – Town-Wide Levy
For the Fiscal Year Ended June 30, 2020

	Town-wide			Total Levy	
	Property Valuation	Tax Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 54,960,566	\$ 0.53	\$ 291,291	\$ 258,170	\$ 33,121
Penalties			356	356	-
Releases	(63,962)	0.53	(339)	(35)	(304)
Write-offs	-		(26)	(26)	-
Total property valuation	<u>\$ 54,896,604</u>				
Net levy			291,282	258,465	32,817
Uncollected taxes at June 30, 2020			(8,118)	(8,118)	-
Current year's taxes collected			\$ 283,164	\$ 250,347	\$ 32,817
Current levy collection percentage			97.21%	96.86%	100.00%



COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vanceboro, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Vanceboro, North Carolina's basic financial statements, and have issued our report thereon dated July 20, 2021.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-001, 2018-002 and 2018-003 to be material weaknesses.

A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses as items 2018-005, 2018-006 and 2020-001 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Vanceboro, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-005, 2018-006 and 2020-001.

Town of Vanceboro's Response to Findings

The Town of Vanceboro North Carolina's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cary Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
July 20, 2021

Town of Vanceboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

Finding 2018-001 (Repeat) Financial Statement Preparation Knowledge

Criteria:	Auditing Standards Board AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.
Perspective / Condition:	The external auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles.
Effect:	The finding could adversely affect the Town's ability to internally prepare financial statements in accordance with generally accepted accounting principles.
Cause:	There are no Town personnel with the experience, background and knowledge of Governmental Accounting and Financial Accounting Standard to prepare financial statements internally including full note disclosures as required by those standards.
Recommendation:	We recommend Town personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provided technical reviews of the financial statements. The Town may also consider outsourcing the preparation of its annual financial statements.
Views of responsible officials:	The Town is in agreement with the finding noted; however, the Town does not have the financial resources to hire a CPA to perform the duties that is required.
Corrective action:	The Town will continue to strive to provide financial statements to the best of their knowledge and to improve and grow our personnel knowledge so in the future the Town can possibly satisfy this requirement.

Town of Vanceboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2018-002 (Repeat) Segregation of Duties

Criteria:	Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.
Perspective / Condition:	There is a lack of segregation of duties among Town personnel.
Effect:	Transactions could be mishandled.
Cause:	There are a limited number of personnel for certain functions.
Recommendation:	The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The Board of Aldermen should provide some of these controls.
Views of responsible officials:	The Town agrees with this finding and will implement controls to address this finding.
Corrective action:	The duties will be segregated as much as possible and the Board will continue providing alternative controls related to the Town's financial operations. The Board approves all invoices for payment at their regular monthly meetings

Town of Vanceboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2018-003 (Repeat) Bank Reconciliations

Criteria:	The Town should prepare and review monthly bank reconciliations in a timely manner.
Perspective / Condition:	Bank reconciliations were not correctly prepared and reviewed in a timely manner. Therefore, some transactions were not recorded in the Town's general ledger.
Effect:	Increased risk that a material misstatement of the financial statements could occur and not be prevented or detected.
Cause:	The Town's personnel did not reconcile the Town's bank accounts correctly or timely.
Recommendation:	Bank reconciliations should be prepared by the finance director in a timely manner and reviewed by the Board of Aldermen.
Views of responsible officials:	The Town agrees with this finding and will implement controls to address this finding.
Corrective action:	The Town will start preparing bank reconciliations at the end of each month and including them in the Board of Aldermen's monthly financial information for review.

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2018-005 (Repeat) Excess of Expenditures Over Budget

Perspective / Condition: The Town over-expended various line items in its 2019-2020 budget.

Governing Body	\$	2,310
Administration	\$	31,160
Transportation	\$	6,008
Library	\$	26

Water Operations	\$	52,332
Debt Service	\$	21

Recommendation: Budget amendments should be adopted throughout the year as additional information regarding the estimated revenues and expenditures becomes available. Additionally, the Town should ensure that an unencumbered balance remains in the line item appropriations prior to authorizing transactions against those appropriations. All budget amendments should be approved by the Board of Alderman.

Corrective action: Management and the Board of Aldermen will review monthly financial reports and amend the budget as necessary during the coming fiscal year.

Town of Vanceboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2018-006 (Repeat) Purchasing Policy / Preaudit Certificate

Criteria:	G.S. 159-28 requires all purchases shall include on its face a certificate stating that the instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act. The Town's purchasing policy adopted on May 2, 2016 requires an approved purchase order for all purchases in excess of \$500.
Perspective / Condition:	The Town does not follow its own purchasing policy which requires approved purchase orders for purchases over \$500. Invoices do not contain the preaudit certificate language required by GS 159-28.
Effect:	Purchases are made without preaudit certificate or approved purchase orders.
Cause:	The Town does not follow the purchasing policy adopted on May 2, 2016.
Recommendation:	All invoices over \$500 should be accompanied by approved purchase order as required by Town policy. All purchase orders should include the preaudit certificate language required by G.S 159-28.
Views of responsible officials:	The Town agrees with this finding and will implement controls to address this finding.
Corrective action:	The Town will begin using a preaudit certificate for all cash disbursements. The town will also issued purchase orders for future purchases in excess of \$500 as required by the Town's purchasing policy.

Town of Vanceboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2020

FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2020-001

Noncompliance with North Carolina General State Statute

Criteria:	North Carolina G.S. 159-34(a) and G.S. 159-33.1 states that the unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year and other annual and semi-annual reports are filed timely, respectively.
Perspective / Condition:	The Town's books were not available and in order in a timely manner in accordance with state statutes. Turnover in key positions caused the
Effect:	The Town's audit and annual financial information report was not able to be prepared in a timely manner.
Cause:	The Town's audit was delayed due to awaiting the completion of the actuarial study for the Law Enforcement Officers' Special Separation Allowance. In addition, the Town hall was closed for several months in response to the Covid-19 pandemic.
Recommendation:	The Town should make timely requests for necessary information essential for the completion of the annual audit.
Views of responsible officials:	The Town agrees with this finding and has set forth a corrective action plan.
Corrective action:	The Town has begun identifying areas where additional training is available and will continue to monitor their reporting requirements and timely completion of their audit and other additional reporting requirements.

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Material Weakness

Finding 2018-001

Financial Statement Preparation Knowledge

Name of Contact Person: Beverly Drake, Town Clerk/Finance Director

Corrective Action: The Town will continue to strive to provide financial statements to the best of their knowledge and to improve and grow our personnel knowledge so in the future the Town can possibly satisfy this requirement.

Proposed Completion Date: The Town plans to begin this process immediately.

Material Weakness

Finding 2018-002

Segregation of Duties

Name of Contact Person: Beverly Drake, Town Clerk/Finance Director

Corrective Action: The duties will be segregated as much as possible and the Board will continue providing alternative controls related to the Town's financial operations. The Board approves all invoices for payment at their regular monthly meetings

Proposed Completion Date: The Town's Board is already providing alternative controls.

Material Weakness

Finding 2018-003

Bank Reconciliations

Name of Contact Person: Beverly Drake, Town Clerk/Finance Director

Corrective Action: The Town will start preparing bank reconciliations at the end of each month and including them in the Board of Aldermen's monthly financial information for review.

Proposed Completion Date: June 30, 2021

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

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Material Noncompliance
Finding 2018-005

Excess of Expenditures Over Budget

Name of Contact Person: Beverly Drake, Town Clerk/Finance Director

Corrective Action: Management and the Board of Aldermen will review monthly financial reports and amend the budget as necessary during the coming fiscal year.

Proposed Completion Date: June 30, 2021

Material Noncompliance
Finding 2018-006

Purchasing Policy / Preaudit Certificate

Name of Contact Person: Beverly Drake, Town Clerk/Finance Director

Corrective Action: The Town will begin using a preaudit certificate for all cash disbursements. The town will also issued purchase orders for future purchases in excess of \$500 as required by the Town's purchasing policy.

Proposed Completion Date: This procedure will be implemented immediately.

Material Noncompliance
Finding 2020-001

Annual Audit

Name of Contact Person: Beverly Drake, Town Clerk/Finance Director

Corrective Action: The Town has begun identifying areas where additional training is available and will continue to monitor their reporting requirements and timely completion of their audit and other additional reporting requirements.

Proposed Completion Date: This procedure will be implemented immediately.

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Material Weakness
Finding 2018-001

Financial Statement Preparation Knowledge

Status:

Management is willing to accept the risks associated with this deficiency but will also periodically evaluate the costs associated with the recommendation described in the Schedule of Findings and Responses.

Material Weakness
Finding 2018-002

Segregation of duties

Status:

The Town's payroll is currently processing by a third party vendor and reviewed by the Town Clerk. The Board of Alderman reviews receipts and disbursements each month. However, the small size of the Town's staff does not allow an adequate segregation of all financial duties.

Material Weakness
Finding 2018-003

Bank reconciliations

Status:

Bank reconciliations are not completed and reviewed in a timely manner.

Material Noncompliance
Finding 2018-005

Excess of Expenditures Over Budget

Status:

The Town did prepare several budget amendments. However, these amendments are not always approved by the Board of Alderman. The Town did not adequately monitor its budget throughout the year, resulting in expenditures in several departments in excess of amounts appropriated in the budget ordinance.

Material Noncompliance
Finding 2018-006

Purchasing Policy / Preaudit Certificate

Status:

The Town does not follow its own purchasing policy which requires approved purchase orders for purchases over \$500. Invoices do not contain the preaudit certificate language required by GS 159-28.



REQUIRED COMMUNICATIONS





Carr, Riggs & Ingram, LLC
2805 North Park Drive
Goldsboro, NC 27534

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Goldsboro, NC 27532

919.751.8297
919.778.0575 (fax)
CRIcpa.com

July 20, 2021

Mayor, Board of Aldermen and Management of
Town of Vanceboro, North Carolina

Dear Town Board and Management:

We are pleased to present the results of our audit of the 2020 financial statements of the Town of Vanceboro, North Carolina (the "Town").

This report to the Board and Management summarizes our audit, the report issued and various analyses and observations related to the Town's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed to express an opinion on the Town's 2020 financial statements. We considered the Town's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you, the Board and Management, expect. We received the full support and assistance of Town's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the information and use of the Board, Management and others within the Town and should not be used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 919-751-8297 or mjordan@cricpa.com.

Very truly yours,

Michael C. Jordan, CPA

As discussed with the Board and Management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Town. Specifically, we planned and performed our audit to:

- Perform an annual audit, as required by North Carolina General Statutes, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the Town's financial statements for the year ended June 30, 2020;
- Communicate directly with the Board and Management regarding the results of our procedures;
- Address with the Board and Management any accounting and financial reporting issues;
- Anticipate and respond to concerns of the Board and Management; and
- Other audit-related projects as they arise and upon request.

Required Communications

We have audited the financial statements of the Town of Vanceboro, North Carolina (the “Town”) as of and for the year ended June 30, 2020, and have issued our report thereon dated July 20, 2021. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS’ RESPONSE
Auditors’ responsibility under auditing standards generally accepted in the United State of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States	<p>As stated in our engagement letter dated June 30, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements, of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>As part of our audit, we considered the internal control of the Town. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>
Client’s responsibility	<p>Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.</p>
Planned scope and timing of the audit	<p>Our initial audit plan was not significantly altered during our fieldwork.</p>
Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors’ conclusion regarding the reasonableness of those estimates.</i>	<p>Please see the following section titled “Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality.”</p>
Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the Board and how they are disclosed.</i>	<p>No such risks or exposures were noted.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
<p>Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles</p> <ul style="list-style-type: none"> <i>The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</i> <i>The auditor should also discuss the auditors' judgment about the quality, not just the acceptability, of the Board's accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures. Critical accounting policies and practices applied by the Board in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;</i> <i>Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.</i> 	<p>The significant accounting policies used by the Town are described in Note 1 of the financial statements. In May 2020, the GASB issued guidance which postponed the implementation of several accounting standards. Note 1 of the financial statements outlines the original implementation dates as well as the postponed implementation date. The below list outlines upcoming accounting standard changes currently being evaluated by the Town.</p> <ul style="list-style-type: none"> <i>GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance</i> <i>GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32</i> <i>GASB Statement No. 96, Subscription-Based Information Technology Arrangements</i> <i>GASB Statement No. 93, Replacement of Interbank Offered Rates</i> <i>GASB Statement No. 92, Omnibus 2020</i> <i>GASB Statement No. 91, Conduit Debt Obligations</i> <i>GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61</i> <i>GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period</i> <i>GASB Statement No. 87, Leases</i> <i>GASB Statement No. 84, Fiduciary Activities</i> <i>GASB Statement No. 83, Certain Asset Retirement Obligations</i> <p>We noted no transactions entered into by the Town during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>
<p>Significant difficulties encountered in the audit</p> <p><i>Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.</i></p>	<p>None.</p>

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial statements or auditors' report. This does not include those that came about based on incomplete facts or preliminary information.</i>	None.
Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i>	None.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	None.
Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Town, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Town about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i>	Please see the following section titled "Summary of Audit Adjustments."
Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	None.
Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	None of which we are aware.
Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i>	See "Management Representation Letter" section.
Internal control deficiencies <i>Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</i>	See "Internal Control Findings" section.

Required Communications

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Fraud and illegal acts <i>Fraud involving management, or the Town, those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</i>	<p>We are unaware of any fraud or illegal acts involving management or causing material misstatement of the financial statements.</p>
Parties in interest and prohibited transactions <i>Any parties in interest in the Town, prohibited transactions as defined by GAAP, and other reportable transactions.</i>	<p>No prohibited transactions were noted. Transactions with parties in interest and other reportable transactions were properly disclosed in the notes to the financial statements, in accordance with GAAP.</p>
Other information in documents containing audited financial statements <i>The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.</i>	<p>Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether:</p> <ul style="list-style-type: none"> • Such information is materially inconsistent with the financial statements; and • We believe such information represents a material misstatement of fact. <p>We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.</p>

Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality

We are required to communicate our judgments about the quality, not just the acceptability, of the Town's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. The Board may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Capital Assets	Based upon our audit procedures, with respect to the Town's capital assets, we noted that it estimates the annual provision for depreciation expense on estimated useful lives of the capital assets in accordance with all applicable standards and guidelines. The Town calculates depreciation expense using the straight-line method.	X	The Town's estimate of the useful life of its capital assets. The estimated useful lives of Town's capital assets are based on a detailed management review.	The Town's policy is in accordance with all applicable accounting guidelines.
Pension Asset / Liability	In accordance with GASB No. 68 and No. 73, the Town presents within the financial statements its proportionate share of the NC Local Government Employees Retirement System's (LGERS) asset or liability and Law Enforcement Officers' Special Separation Allowance (LEOSSA). In addition, the Town presents certain Required Supplementary Information regarding Net Pension Asset / Liability for both plans.	X	The Town's estimate of its proportionate share of the LGERS's and asset or liability is based actuarial assumptions. Therefore, estimates may differ from the actual amounts. The Town's estimate of its LEOSSA liability is based actuarial assumptions. Therefore, estimates may differ from the actual amounts.	The Town's policy regarding its valuation of the LGERS and LEOSSA are in accordance with all applicable accounting guidelines.

Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Compensated Absences	<p>The Town estimates the accrued liability at year-end for amounts owed to its employees for compensated absences ("Vacation Policy") in accordance with all applicable standards and guidelines.</p> <p>The Town calculates the annual liability at the prevailing rates of compensation.</p>	X	The Town's estimate of its accrued liability for compensated absences is based upon the established compensation levels at year-end which may differ from the actual amounts.	The Town's policy is in accordance with all applicable accounting guidelines.
Allowances for Doubtful Accounts	The Town estimates its allowance for doubtful accounts based on monthly average of all past due accounts receivable.	X	<p>The Town's estimate of accounts receivable that are doubtful of collection based on prior collection.</p> <p>The estimated allowance is based on a detailed management review.</p>	The Town's policy is in accordance with all applicable accounting guidelines.

During the course of our audit, we accumulate differences between amounts recorded by the Town and amounts that we believe are required to be recorded under GAAP. Those adjustments are either recorded (corrected) by the Town or passed (uncorrected). A listing of such adjustments, beginning on page 94, are attached to the management representation letter.

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to addition, or vice versa.
- Whether the difference concerns an area of the Town's operating environment that has been identified as playing a significant role in the Town's operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.
- Whether the difference involves concealment of a prohibited transaction, or transaction with a party in interest, as defined by GAAP or any applicable federal, state or local laws.

Management Representation Letter

July 20, 2021

Carr, Riggs & Ingram, LLC
Post Office Box 10588
Goldsboro, North Carolina 27532-0588

This representation letter is provided in connection with your audit of the financial statements of Town of Vanceboro, North Carolina (the "Town"), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 20, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or the schedule of findings and responses.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We are in agreement with those adjustments.

Management Representation Letter

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.
11. We acknowledge all oral communications made by the auditor.
12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
13. We believe that the actuarial assumptions and methods used by the State of North Carolina to measure pension liabilities and costs for financial accounting purposes of the Town's participation in the Local Government Employees' Retirement System are appropriate in the circumstances and the information supplied by the North Carolina Department of State Treasurer, Retirement Division and State and Local Fiscal Management Division to record adjustments is accurate.
14. We believe that the actuarial assumptions and methods used by Cavanaugh Macdonald Consulting, LLC to measure the total pension liabilities and costs for the financial accounting purposes of the Town's participation in the Law Enforcement Officers' Special Separation Allowance are appropriate in the circumstances and the information supplied by Cavanaugh Macdonald Consulting, LLC to record adjustments is accurate.

Information Provided

15. We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
16. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
17. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
18. We have no knowledge of any fraud or suspected fraud that affects the Town and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, regulators, or others.
20. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
21. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

Management Representation Letter

22. We have disclosed to you the names of the Town's related parties and all the related party relationships and transactions, including side agreements.

Government – specific

23. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have taken timely and appropriate steps to remedy fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
25. We have a process to track the status of audit findings and recommendations.
26. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
27. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
28. The Town has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
29. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
30. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
31. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
32. Except as made known to you and disclosed within the notes to the financial statements, there are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
33. As part of your audit, you assisted with preparing the financial statements and related notes including required supplementary and other supplementary information, maintenance of the depreciation schedule, Annual Financial Information Report (AFIR), if applicable the schedule of expenditures of federal and state awards, and if applicable the data collection form (DCF). We acknowledge our responsibility as it relates to this nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the financial statements and related notes including required supplementary and other supplementary information, maintenance of the depreciation schedule, Annual Financial Information Report (AFIR), if applicable the schedule of expenditures of federal and state awards, if applicable the data collection form (DCF) and any other non-attest services you provided.

Management Representation Letter

34. The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
35. The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
36. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations and other related organizations.
37. The financial statements properly classify all funds and activities, in accordance with GASBS No. 34, as amended, and GASBS No. 84.
38. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
39. Components of net position (net investment in capital assets; restricted; and unrestricted), and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
40. Investments are properly valued.
41. Provisions for uncollectible receivables have been properly identified and recorded.
42. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
43. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
44. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
45. Deposits and investment securities are properly classified as to risk and are properly disclosed.
46. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
47. The Town is not aware of any special and extraordinary items that are required to be presented within the financial statements.
48. We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
49. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
50. We are following *GASB Statement No. 54, paragraph 18*, to determine the net position classifications for financial reporting purposes.
51. We acknowledge that the Town was not required to have a Federal and/or State Single Audit performed for the fiscal year ended June 30, 2020.

Management Representation Letter

52. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
53. With respect to the individual fund financial statements, budgetary schedules, and other schedules:
- a. We acknowledge our responsibility for presenting the individual fund schedules, budgetary schedules, and other financial information in accordance with accounting principles generally accepted in the United States of America, and we believe the individual fund statements, budgetary schedules, and other financial information, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the individual fund statements, budgetary schedules, and other financial information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the individual fund schedules, budgetary schedules, and other financial information are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signed: _____

Signed: _____

Title: _____

Title: _____

Summary of Audit Adjustments

Client: **01-15033.000 - Town of Vanceboro, North Carolina**
 Engagement: **2020 Audit**
 Period Ending: **6/30/2020**
 Trial Balance: **3000 - Fund TB Database**
 Workpaper: **3200 - Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Fund: 11	General Fund		
Adjusting Journal Entries JE # 2			
To record receivables from NCDR and reverse prior year. PBC Requested by Client			
11-1130-0120	A/R Sales Tax	39,984.04	
11-1130-0128	Acct Rec Franchise Tax NCDR	12,120.95	
11-1130-0129	Acct Rec Solid Waste Disposal	177.99	
11-3410-8360	Franchise	13,734.93	
11-3410-8380	Sales & Use Tax	41,111.38	
11-3410-8395	Solid Waste Disposal	182.32	
11-1130-0120	A/R Sales Tax		41,111.38
11-1130-0128	Acct Rec Franchise Tax NCDR		13,734.93
11-1130-0129	Acct Rec Solid Waste Disposal		182.32
11-3410-8360	Franchise		12,120.95
11-3410-8380	Sales & Use Tax		39,984.04
11-3410-8395	Solid Waste Disposal		177.99
Total		107,311.61	107,311.61
Adjusting Journal Entries JE # 9			
To reclassify 401K contributions for LEO. Requested by Clinet			
11-0000-0200	Account Payable	18.52	
11-4200-1870	401(k) Contributions	7,280.78	
11-0000-0206	401 K		7,299.30
Total		7,299.30	7,299.30
Adjusting Journal Entries JE # 10			
To adjsut Accrued wages to actual. Requested by cleint.			
11-4100-1210	Salaries/Wages	819.49	
11-4200-1210	Salaries/Wages	947.16	
11-4500-1210	Salaries/Wages	174.39	
11-0000-0208	Accrued Wages		1,941.04
Total		1,941.04	1,941.04

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 11			
To reclassify misc. payroll Withholdings. Requested by client			
11-0000-0208	Accrued Wages	19,116.69	
11-4100-1820	Retirement Contributions	46.63	
11-0000-0205	Retirement		46.63
11-0000-0300	Due from Water		999.96
11-0000-0301	Due from Sewer		1,325.22
11-4100-1830	Health Insurance		6,254.32
11-4200-1830	Health Insurance		8,905.17
11-4200-2130	Uniforms		1,040.00
11-4500-1830	Health Insurance		592.02
Total		19,163.32	19,163.32
Adjusting Journal Entries JE # 13			
To adjust sales tax refund receivable to actual per MCDR. Requested by client.			
11-4100-2600	Office Supplies & Materials	604.68	
11-0000-0209	State Sales Tax		464.16
11-0000-0210	Local Sales Tax		140.52
Total		604.68	604.68
Adjusting Journal Entries JE # 14			
To adjust taxes receivable to actual per Crave County. Requested by client			
11-1130-0019	Taxes Receivable 2019	8,117.50	
11-0000-0402	Deferred Revenue Taxes		5,713.73
11-1130-0012	Taxes Receivable 2012		14.99
11-1130-0014	Taxes Receivable 2015		5.27
11-1130-0016	Taxes Receivable 2017		84.77
11-1130-0017	Taxes Receivable 2016		2.52
11-1130-0018	Taxes Receivable 2018		1,716.53
11-1130-0019	Taxes Receivable 2019		343.01
11-1130-0115	Taxes Receivable 2010		13.85
11-1130-0119	Allowance for Doubtful Accounts		222.83
Total		8,117.50	8,117.50

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 15			
To reverse PY Receivable From Craven County			
11-3410-8200	Vehicle Tax	6,093.49	
11-3410-8202	Current Year Taxes	2,429.36	
11-3410-8204	Interest on Taxes	31.63	
11-3410-8204	Interest on Taxes	129.27	
11-1130-0130	Acct Rec/Craven County		5,891.62
11-1130-0130	Acct Rec/Craven County		2,533.04
11-3410-8205	Refund of Taxes		25.16
11-4100-1940	Tax Collection Fees Craven County		208.34
11-4100-1940	Tax Collection Fees Craven County		25.59
Total		8,683.75	8,683.75

Adjusting Journal Entries JE # 16

To record Taxes Receivable From Craven County

11-0000-0001	Cash in Bank	3,380.40	
11-1130-0130	Acct Rec/Craven County	2,746.58	
11-1130-0130	Acct Rec/Craven County	2,548.52	
11-3410-8202	Current Year Taxes	544.26	
11-3410-8205	Refund of Taxes	328.70	
11-4100-1940	Tax Collection Fees Craven County	27.74	
11-4100-1940	Tax Collection Fees Craven County	1,392.36	
11-4100-1940	Tax Collection Fees Craven County	1,425.17	
11-3410-8200	Vehicle Tax		7,415.13
11-3410-8202	Current Year Taxes		2,560.44
11-3410-8203	Prior Year Taxes		62.21
11-3410-8203	Prior Year Taxes		1,775.72
11-3410-8204	Interest on Taxes		151.67
11-3410-8204	Interest on Taxes		160.90
11-3410-8204	Interest on Taxes		150.43
11-4100-1940	Tax Collection Fees Craven County		117.23
Total		12,393.73	12,393.73

Adjusting Journal Entries JE # 17

To reclassify prepaid expenses (MCLM dues) and elections expense. Requested

11-0000-0005	Prepaid Expenses	1,739.00	
11-4000-1940	Elections	2,309.93	
11-4100-4910	Dues & Subscriptions		4,048.93
Total		4,048.93	4,048.93

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 18			
To reverse accounts apaubel recorded twice July and October for trash collection services and FY 2021 insurance premiums			
11-0000-0200	Account Payable	13,561.22	
11-0000-0200	Account Payable	6,935.00	
11-4100-3110	Insurance		6,935.00
11-4400-4430	Service Contracts		13,561.22
Total		20,496.22	20,496.22
Adjusting Journal Entries JE # 20			
To record equipment purchases for Polcie Dept.			
11-1150-0168	Equipment	25,881.14	
11-2900-0503	Investment in Capital Assets		25,881.14
Total		25,881.14	25,881.14
Adjusting Journal Entries JE # 22			
To correct posting of cash receipts for water bills			
11-0000-0001	Cash in Bank	5,269.66	
11-0000-0002	A/R Garbage Fees		5,269.66
Total		5,269.66	5,269.66
Adjusting Journal Entries JE # 23			
To adjust accounts receivable to actual and write off bad debts			
11-0000-0002	A/R Garbage Fees	159.78	
11-0000-0403	Deferred Rev Ar Refuse	2,079.03	
11-1130-0123	Allowance for Doubtful Accounts Refuse		532.00
11-3410-8390	Garbage Fees		1,706.81
Total		2,238.81	2,238.81
Adjusting Journal Entries JE # 26			
To adjust cash in Utility Fund to Actual per Bank Rec			
11-0000-0001	Cash in Bank	53,278.57	
11-0000-0300	Due from Water		53,278.57
Total		53,278.57	53,278.57
Adjusting Journal Entries JE # 27			
to record bank service charges			
11-4100-2000	Bank Service Charges	2,610.43	
11-0000-0001	Cash in Bank		2,610.43
Total		2,610.43	2,610.43

Summary of Audit Adjustments

Adjusting Journal Entries JE # 28

To record accounts payable

11-4100-1930	Professional Services/Medical	4,125.00	
11-0000-0200	Account Payable		4,125.00
Total		4,125.00	4,125.00

Fund: 11	Adjusting Journal Entries	283,463.69	283,463.69
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Fund: 15 Cemetery Fund

Adjusting Journal Entries JE # 1

To record Interest on CD Cemetery Fund. PBC Requested by client

15-1120-0006	Cash-Celestial Memorial Gardens	537.21	
15-3431-8100	Interest Income		537.21
Total		537.21	537.21

Fund: 15	Adjusting Journal Entries	537.21	537.21
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Fund: 61 Water & Sewer Fund

Adjusting Journal Entries JE # 4

To adjust current portion of long Term Debt

62-0000-0214	Less: Current Portion LTD	77,701.04	
62-0000-0213	Current Portion LTD		77,701.04
Total		77,701.04	77,701.04

Adjusting Journal Entries JE # 6

To expense inventory to material and supplies. PBC Adjustment requested by

61-7121-2990	Miscellaneous Supplies & Materials	8,018.91	
61-1140-0150	Inventory Water		8,018.91
Total		8,018.91	8,018.91

Adjusting Journal Entries JE # 7

To reclassify Refund Deposit Overpayment Check # 30950 Andrea Pritchard.
Credit Balance on account \$219.83 +Deposit of \$75.00 = \$294.83. PBC
Requested by client

61-0000-0002	A/R Water	219.83	
61-3713-8450	Deposits	75.00	
61-0000-0041	Due Gen from Water		294.83
Total		294.83	294.83

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
To adjsut Accrued wages to actual. Requested by cleint.			
61-7121-1210	Salaries/Wages	675.42	
62-7131-1210	Salaries/Wages	289.80	
61-0000-0208	Accrued Wages		675.42
62-0000-0208	Accrued Wages		289.80
Total		965.22	965.22
Adjusting Journal Entries JE # 11			
To reclassify misc. payroll Withholdings. Requested by client			
61-0000-0041	Due Gen from Water	999.96	
62-0000-0042	Due to General	1,325.22	
61-7121-1830	Health Insurance		999.96
62-7131-1830	Health Insurance		1,325.22
Total		2,325.18	2,325.18
Adjusting Journal Entries JE # 19			
To reclassify repairs and supplies			
61-7121-2990	Miscellaneous Supplies & Materials	390.00	
61-7121-3520	Repairs & Maintenance/Equipment	281.25	
61-7121-3540	Repairs & Maintenance/Building	5,167.50	
61-7121-4430	Service Contracts	4,021.80	
61-7121-3990	Other Services		9,860.55
Total		9,860.55	9,860.55
Adjusting Journal Entries JE # 22			
To correct posting of cash receipts for water bills			
61-3713-0200	Customer Overpayment	14,552.97	
62-0000-0001	Cash in Bank	9,283.31	
61-0000-0001	Cash in Bank		14,552.97
62-0000-0002	A/R Sewer		9,283.31
Total		23,836.28	23,836.28
Adjusting Journal Entries JE # 23			
To adjust accounts receivable to actual and write off bad debts			
61-3713-8420	Bad Debts	12,326.58	
62-3714-8420	Bad Debts	1,742.38	
61-0000-0002	A/R Water		11,571.58
61-1130-0119	Allowance for Doubtful Accounts		755.00
62-0000-0002	A/R Sewer		729.38
62-1130-0119	Allowance for Doubtful Accounts		1,013.00
Total		14,068.96	14,068.96

Summary of Audit Adjustments

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 24			
To adjust customer deposits to actual per client. Requested by client			
61-0000-0040	Customer Deposits	145.87	
61-1120-0001	Cash in Bank	145.87	
61-1120-0000	Restricted Cash		145.87
61-3713-8430	Charges		145.87
Total		291.74	291.74
Adjusting Journal Entries JE # 26			
To adjust cash in Utility Fund to Actual per Bank Rec			
61-0000-0041	Due Gen from Water	53,278.57	
62-0000-0001	Cash in Bank	72,500.00	
61-0000-0001	Cash in Bank		53,278.57
62-1110-0001	Cash in Bank		72,500.00
Total		125,778.57	125,778.57
Adjusting Journal Entries JE # 28			
To record accounts payable			
62-7131-3520	Repairs & Maintenance/Equipment	6,120.36	
62-0000-0200	Account Payable		6,120.36
Total		6,120.36	6,120.36
Fund: 61	Adjusting Journal Entries	269,261.64	269,261.64
All Funds	Total Adjusting Journal Entries	553,262.54	553,262.54
All Funds	All Journal Entries	553,262.54	553,262.54

Summary of Audit Adjustments

Client: **01-15033.000 - Town of Vanceboro, North Carolina**
 Engagement: **2020 Audit**
 Period Ending: **6/30/2020**
 Trial Balance: **3000 - Fund TB Database**
 Workpaper: **3202 - Reclassifying Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	Debit	Credit
Reclassifying Journal Entries			
Fund: 11	General Fund		
Reclassifying Journal Entries JE # 12			
To correct posting of state unemployment taxes and insurance bonds. Requested By Client			
11-4100-3110	Insurance	350.00	
11-4200-1815	Unemployment Taxes	201.96	
11-4100-1930	Professional Services/Medical		376.96
11-4100-2600	Office Supplies & Materials		175.00
Total		551.96	551.96
Fund: 11	Reclassifying Journal Entries	551.96	551.96
All Funds	Total Reclassifying Journal Entries	551.96	551.96
All Funds	All Journal Entries	551.96	551.96

Summary of Audit Adjustments

Client: **01-15033.000 - Town of Vanceboro, North Carolina**
 Engagement: **2020 Audit**
 Period Ending: **6/30/2020**
 Trial Balance: **3000 - Fund TB Database**
 Workpaper: **3203 - GASB Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	Debit	Credit
GASB Entries			
Fund: 11	General Fund		
GASB Entries JE # 5			
To Adjust deferred inflows outflows and pension liability for LEOSSA			
11-1620-1820	Deferred Outflows Pension LEOSSA	896.00	
11-2600-1820	Deferred Inflows Pension LEOSSA	894.00	
11-2900-0506	Full Accrual Adjustments	3,454.00	
11-4200-1210	Salaries/Wages	3,454.00	
11-2770-1820	Net Pension Asset / Liability LEOSSA		5,244.00
11-2900-0502	Fund Balance		3,454.00
Total		8,698.00	8,698.00
GASB Entries JE # 8			
To adjust accrued vacatio to actual. Requested by client.			
11-2900-0506	Full Accrual Adjustments	652.65	
11-4100-1210	Salaries/Wages	1,113.45	
11-0000-0101	Vacation Leave		652.65
11-2900-0502	Fund Balance		652.65
11-4200-1210	Salaries/Wages		439.11
11-4500-1210	Salaries/Wages		21.69
Total		1,766.10	1,766.10
GASB Entries JE # 21			
To record Depreciation Expense			
11-2900-0503	Investment in Capital Assets	26,597.36	
11-1150-0165	Accumulated Depreciation		26,597.36
Total		26,597.36	26,597.36
GASB Entries JE # 25			
To adjust deferred inflows outflows and pension liability for NCLGERS			
11-1160-0170	Deferred Outflows Pensions NCLGERS	5,401.00	
11-2700-0405	Deferred Inflows Pensions NCLGERS	3,830.00	
11-2900-0506	Full Accrual Adjustments	25,156.00	
11-2700-0406	Net Pension Asset / Liability		34,387.00
Total		34,387.00	34,387.00
Fund: 11	GASB Entries	71,448.46	71,448.46

Summary of Audit Adjustments

Account	Description	Debit	Credit
Fund: 61	Water & Sewer Fund		
GASB Entries JE # 3			
To adjsut Accrued interest			
62-2100-0031	Accrued Interest	101.04	
62-2900-0502	Fund Balance	101.04	
62-2900-0506	Full Accrual Adjustments		101.04
62-7131-7600	Interest		101.04
Total		202.08	202.08
GASB Entries JE # 8			
To adjsut accrued vacatio to actual. Requested by client.			
61-2900-0506	Full Accrual Adjustments	531.91	
61-7121-1210	Salaries/Wages	531.91	
62-2900-0506	Full Accrual Adjustments	183.16	
62-7131-1210	Salaries/Wages	183.16	
61-0000-0101	Vacation Leave		531.91
61-2900-0502	Fund Balance		531.91
62-0000-0101	Vacation Leave		183.16
62-2900-0502	Fund Balance		183.16
Total		1,430.14	1,430.14
GASB Entries JE # 21			
To record Depreciation Expense			
61-2900-0503	Investment in Capital Assets	167,778.30	
61-1150-0165	Accumulated Depreciation		167,778.30
Total		167,778.30	167,778.30
GASB Entries JE # 25			
To adjust deferred inflows outflows and pension liabiltiy for NCLGERS			
61-1160-0170	Deferred Outflows	4,027.00	
61-2700-0405	Deferred Inflows Pension	1,687.00	
61-2900-0506	Full Accrual Adjustments	12,875.00	
61-2700-0406	Net Pension Asset / Liability		18,589.00
Total		18,589.00	18,589.00
Fund: 61	GASB Entries	187,999.52	187,999.52
All Funds	Total GASB Entries	259,447.98	259,447.98
All Funds	All Journal Entries	259,447.98	259,447.98

Summary of Audit Adjustments

Client: **01-15033.000 - Town of Vanceboro, North Carolina**
 Engagement: **2020 Audit**
 Period Ending: **6/30/2020**
 Trial Balance: **3000 - Fund TB Database**
 Workpaper: **3204 - PAJE**
 Fund Level: **All**
 Index: **All**

Account	Description	Debit	Credit
Proposed Journal Entries			
Proposed Journal Entries JE # 29			
To adjust cash and accrued salaries to actual			
11-0000-0208	Accrued Wages	1,803.17	
11-4100-1880	Miscellaneous	5,696.80	
11-0000-0001	Cash in Bank		7,499.97
Total		7,499.97	7,499.97
Total Proposed Journal Entries			
		7,499.97	7,499.97
Total All Journal Entries			
		7,499.97	7,499.97