

**Town of Ansonville  
North Carolina  
Audited Financial Statements  
For the Year Ended  
June 30, 2021**

Town Council

Joey Estridge, Mayor  
Denise Cannon, Mayor Pro-Term  
Phyllis Watkins  
Jesse Huntley  
Sarah Burns  
Kimberly Burr

Administrative and Financial Staff

Jason Mullis, Town Administrator

**Town of Ansonville, North Carolina**  
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**June 30, 2021**

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## **FINANCIAL SECTION**

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West End, North Carolina  
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Huntersville, North Carolina

Independent Auditors' Report

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Town of Ansonville, North Carolina, as of and for the year ended June 30, 2021, 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. 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 financial statement presentation of the financial statements.

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

**Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Ansonville, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 3 through 9 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 41 and 42, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary and Other Information

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

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

A handwritten signature in black ink that reads "Anderson Smith & Wike PLLC". The signature is written in a cursive, flowing style.

Anderson Smith & Wike PLLC  
Rockingham, North Carolina  
August 17, 2022

## **Management's Discussion and Analysis**

As management of the Town of Ansonville, we offer readers of the Town of Ansonville's financial statements this narrative overview and analysis of the financial activities of the Town of Ansonville for the fiscal year ended June 30, 2021. 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**

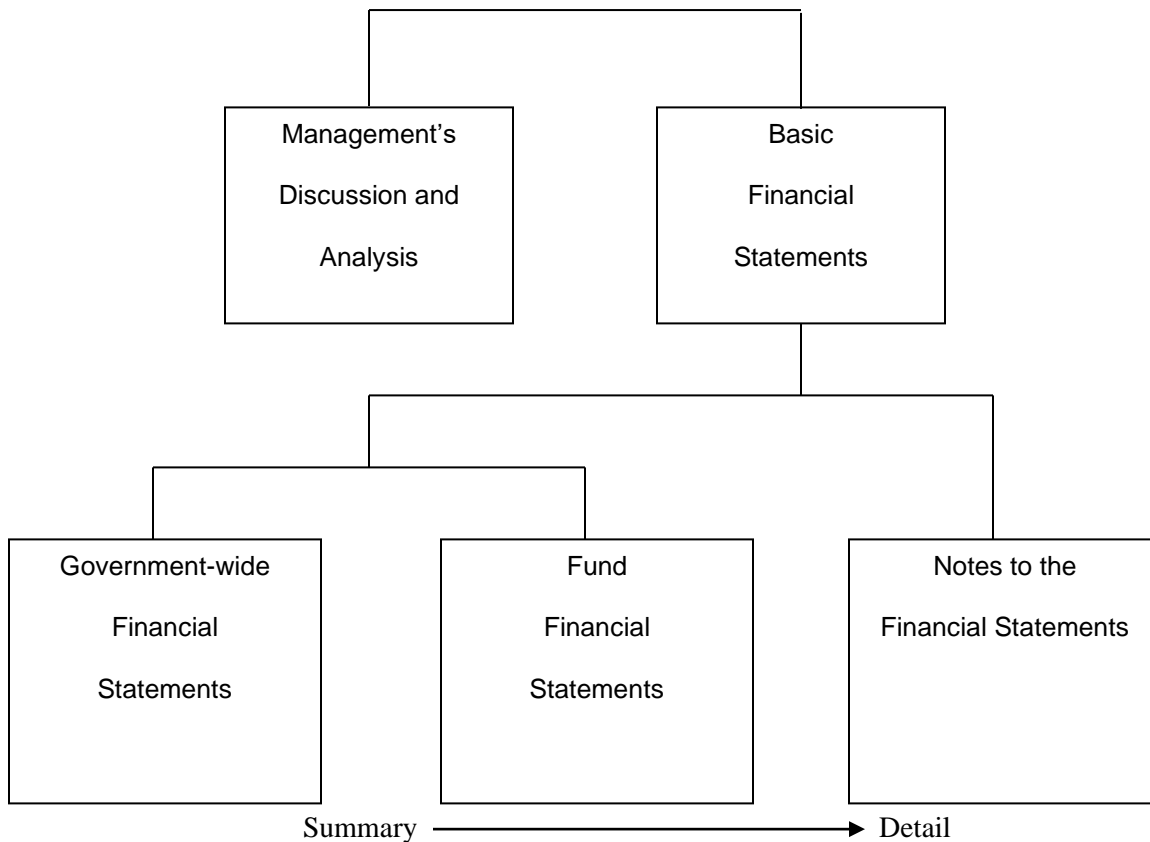
- The assets and deferred outflows of resources of the Town of Ansonville exceeded its liabilities and deferred inflows of resources at the close of the year by \$2,061,215 (net position).
- The government's total net position decreased by \$98,397, primarily due to expenditures exceeding revenues in the General Fund.
- As of the close of the current fiscal year, the Town of Ansonville's governmental funds reported combined ending fund balance of \$470,162, an increase of \$47,487 in fund balance. Approximately 80.8 percent of this total amount, or \$379,678, is available for spending at the government's discretion (*Unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$379,678 or 99.9 percent of total general fund expenditures for the fiscal year.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements 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 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 statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the 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 the financial statement of 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 on 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, 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 Ansonville.

The government-wide financial statements are presented on pages 10-11 of this report.

## **Fund Financial Statements**

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

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

The Town of Ansonville 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 Council 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 Council; 2) the final budget as amended by the Council; 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 Ansonville has one 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 Ansonville uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.



**Notes to the Financial Statements** –The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

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

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

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 561,642	\$ 506,700	\$ 135,233	\$ 172,465	\$ 696,875	\$ 679,165
Capital assets	364,076	409,567	1,552,138	1,629,792	1,916,214	2,039,359
Deferred outflows of resources	37,463	38,219	4,163	2,012	41,626	40,231
Total assets	963,181	954,486	1,691,534	1,804,269	2,654,715	2,758,755
Long-term liabilities	74,953	64,754	436,004	462,654	510,957	527,408
Other liabilities	17,543	13,792	63,269	57,583	80,812	71,375
Deferred inflows of resources	1,558	342	173	18	1,731	360
Total liabilities	94,054	78,888	499,446	520,255	593,500	599,143
Net position:						
Invested in capital assets						
net of related debt	364,076	409,567	1,092,638	1,140,292	1,456,714	1,549,859
Restricted	90,484	206,781	-	-	90,484	206,781
Unrestricted	414,567	259,250	99,450	143,722	514,017	402,972
Total net position	<u>\$ 869,127</u>	<u>\$ 875,598</u>	<u>\$ 1,192,088</u>	<u>\$ 1,284,014</u>	<u>\$ 2,061,215</u>	<u>\$ 2,159,612</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Ansonville exceeded liabilities and deferred inflows by \$2,046,245 as of June 30, 2021. The Town's net position decreased by \$113,367 for the fiscal year ended June 30, 2021. The largest portion (71.2%) reflects the Town's net investment in capital assets (e.g. street, water, and sewer lines and related equipment). The Town of Ansonville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ansonville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Ansonville's net position \$117,275 represents the resources that are subject to external restrictions and how they may be used. The remaining balance of \$472,256 is unrestricted.

Several particular aspects of the Town's financial operations influence the total restricted and unrestricted governmental net position:

- The Governmental Activities net position decreased its net position by \$6,471.  
Current assets increased by \$54,942 during the year. Revenues decreased substantially during the year mainly due to reduced operating grants (approximately \$50,000), from the prior year. FEMA grants were the main reduction source.
- The Business-Type Activities net position decreased by \$91,926.  
Current assets decreased by \$37,232 during the year. Water and sewer revenues decreased by approximately \$23,000 during the year due mainly to Covid-19 related issue. Water and Sewer related expenditures also increased due to higher maintenance cost of approximately \$33,000.

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 32,295	\$ 30,889	\$ 371,588	\$ 394,436	\$ 403,883	\$ 425,325
Operating grants and contributions	38,945	97,119	-	-	38,945	97,119
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	121,334	128,472	-	-	121,334	128,472
Other taxes	190,114	171,012	-	-	190,114	171,012
Other	4,211	24,494	-	17,729	4,211	42,223
Total revenues	<u>386,899</u>	<u>451,986</u>	<u>371,588</u>	<u>412,165</u>	<u>758,487</u>	<u>864,151</u>
Expenses						
General governments	130,491	134,605	-	-	130,491	134,605
Public Safety	8,672	9,681	-	-	8,672	9,681
Transportation	244,041	287,885	-	-	244,041	287,885
Environmental protection	48,639	40,033	-	-	48,639	40,033
Culture and recreation	2,401	2,422	-	-	2,401	2,422
Miscellaneous	1,190	2,587	-	-	1,190	2,587
Water and sewer	-	-	421,450	388,289	421,450	388,289
Total expenses	<u>435,434</u>	<u>477,213</u>	<u>421,450</u>	<u>388,289</u>	<u>856,884</u>	<u>865,502</u>
Increase in net position before transfers	(48,535)	(25,227)	(49,862)	23,876	(98,397)	(1,351)
Transfers	<u>42,064</u>	<u>42,064</u>	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(6,471)	16,837	(91,926)	(18,188)	(98,397)	(1,351)
Net position, beginning	<u>875,598</u>	<u>858,761</u>	<u>1,284,014</u>	<u>1,302,202</u>	<u>2,159,612</u>	<u>2,160,963</u>
Net position, end of year	<u>\$ 869,127</u>	<u>\$ 875,598</u>	<u>\$ 1,192,088</u>	<u>\$ 1,284,014</u>	<u>\$ 2,061,215</u>	<u>\$ 2,159,612</u>

**Governmental activities:** Governmental activities decreased the Town's net position by \$6,471, mainly due to an decrease in revenues by approximately \$65,087.

**Business-type activities:** Business-type activities decreased the town of Ansonville's net position by \$91,926 which is an increase in loss from prior year by \$73,738. Water and Sewer revenues decreased by \$40,577. Expenditures also increased due to high maintenance cost.

### Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Ansonville. At the end of the current fiscal year, Town of Ansonville's fund balance available in the General Fund was \$379,678, while total fund balance reached \$470,162.

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

**Proprietary Funds.** The Town of Ansonville'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 \$84,480. The total change in net position for the Water and Sewer Fund was \$(91,926). The change in net position in the Water and Sewer Fund is a result of a higher expenditures.

### Capital Assets and Debt Administration

**Capital assets** - The Town of Ansonville's investments in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$1,916,214 (net of accumulated depreciation). These assets include equipment, furniture, computer equipment, and water and sewer lines.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land and CIP	\$ 30,406	\$ 30,406	\$ 13,420	\$ 13,420	\$ 43,826	\$ 43,826
Buildings & systems	21,887	23,258	1,613	1,703	23,500	24,961
Land improvements	37,925	41,295	-	-	37,925	41,295
Furniture & equipment	22,069	25,377	61,169	73,585	83,238	98,962
Vehicles	25,016	35,780	-	-	25,016	35,780
Infrastructure	226,773	253,452	-	-	226,773	253,452
Water and sewer Lines	-	-	1,475,936	1,541,084	1,475,936	1,541,084
Total assets	<u>\$ 364,076</u>	<u>\$409,568</u>	<u>\$ 1,552,138</u>	<u>\$ 1,629,792</u>	<u>\$ 1,916,214</u>	<u>\$ 2,039,360</u>

Additional information on the Town's capital assets can be found in Note III of this report.

Long-term Debt. As of June 30, 2021, the Town of Ansonville had a total bond and other debt outstanding of \$459,500.

#### **General Obligation Bonds**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
General obligation bonds	\$ -	\$ -	\$ 459,500	\$ 489,500	\$ 459,500	\$ 489,500
Total	\$ -	\$ -	\$ 459,500	\$ 489,500	\$ 459,500	\$ 489,500

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

#### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities:** The governmental budget for June 30, 2022 reflects an increase of 43.7 % due to an expected grant income of \$174,000.

**Business-type Activities:** The water and sewer budget reflects a 5.2% increase for June 30, 2022.

#### **Request 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 Ansonville, PO Box 201, Ansonville, NC 28007. One can also call 704-826-8404 or send an email to [townofansonville@yahoo.com](mailto:townofansonville@yahoo.com) for more information.

## **BASIC FINANCIAL STATEMENTS**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 393,789	\$ 69,590	\$ 463,379
Restricted cash and cash equivalents	35,173	14,640	49,813
Taxes receivables (net)	76,849	-	76,849
Accounts receivable (net)	3,435	50,783	54,218
Due from other governments	51,876	-	51,876
Prepaid expense	520	220	740
Total current assets	<u>561,642</u>	<u>135,233</u>	<u>696,875</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	30,406	13,420	43,826
Other capital assets, net of depreciation	<u>333,670</u>	<u>1,538,718</u>	<u>1,872,388</u>
Total capital assets	<u>364,076</u>	<u>1,552,138</u>	<u>1,916,214</u>
Total assets	<u>\$ 925,718</u>	<u>\$ 1,687,371</u>	<u>\$ 2,613,089</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	<u>37,463</u>	<u>4,163</u>	<u>41,626</u>
Total deferred outflows of resources	<u>37,463</u>	<u>4,163</u>	<u>41,626</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 14,631	\$ 17,129	\$ 31,760
Customer deposits	-	14,640	14,640
Compensated absences	2,912	-	2,912
General obligation bond payable-current	-	31,500	31,500
Long-term liabilities:			
General obligation bond payable	-	428,000	428,000
Net pension liability	72,041	8,004	80,045
Compensated absences	<u>2,912</u>	<u>-</u>	<u>2,912</u>
Total liabilities	<u>92,496</u>	<u>499,273</u>	<u>591,769</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>1,558</u>	<u>173</u>	<u>1,731</u>
Total deferred inflows of resources	<u>1,558</u>	<u>173</u>	<u>1,731</u>
<b>NET POSITION</b>			
Net investment in capital assets	364,076	1,092,638	1,456,714
Restricted for:			
Stabilization by State Statute	55,311	-	55,311
Streets - Powell Bill	35,173	-	35,173
Unrestricted	<u>414,567</u>	<u>99,450</u>	<u>514,017</u>
Total net position	<u>\$ 869,127</u>	<u>\$ 1,192,088</u>	<u>\$ 2,061,215</u>

*Town of Ansonville, North Carolina*  
*Statement of Activities*  
*For the Year Ended June 30, 2021*

**Exhibit 2**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Operating Grants and Contributions			Primary Government		
Functions/Programs	Expenses	Charges for Services	Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 130,491	\$ -	\$ -	\$ -	\$ (130,491)	\$ -	\$ (130,491)
Public safety	8,672	-	-	-	(8,672)	-	(8,672)
Transportation	244,041	-	38,945	-	(205,096)	-	(205,096)
Environmental protection	48,639	32,295	-	-	(16,344)	-	(16,344)
Cultural and recreation	2,401	-	-	-	(2,401)	-	(2,401)
Miscellaneous	1,190	-	-	-	(1,190)	-	(1,190)
Total governmental activities	435,434	32,295	38,945	-	(364,194)	-	(364,194)
Business-type activities:							
Water and sewer	421,450	371,588	-	-	-	(49,862)	(49,862)
Total business-type activities	421,450	371,588	-	-	-	(49,862)	(49,862)
Total primary government	\$ 856,884	\$ 403,883	\$ 38,945	-	(364,194)	(49,862)	(414,056)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					121,334	-	121,334
Other taxes					190,114	-	190,114
Investment earnings					1,158	-	1,158
Other revenues					3,053	-	3,053
Transfers					42,064	(42,064)	-
Total general revenues and transfers					357,723	(42,064)	315,659
Change in net position					(6,471)	(91,926)	(98,397)
Net position, beginning					875,598	1,284,014	2,159,612
Net position, ending					\$ 869,127	\$ 1,192,088	\$ 2,061,215

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

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*Town of Ansonville, North Carolina*  
*Statement of Activities*  
*For the Year Ended June 30, 2021*

**Exhibit 2**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Operating Grants and Contributions			Primary Government		
Functions/Programs	Expenses	Charges for Services	Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 130,491	\$ -	\$ -	\$ -	\$ (130,491)	\$ -	\$ (130,491)
Public safety	8,672	-	-	-	(8,672)	-	(8,672)
Transportation	244,041	-	38,945	-	(205,096)	-	(205,096)
Environmental protection	48,639	32,295	-	-	(16,344)	-	(16,344)
Cultural and recreation	2,401	-	-	-	(2,401)	-	(2,401)
Miscellaneous	1,190	-	-	-	(1,190)	-	(1,190)
Total governmental activities	435,434	32,295	38,945	-	(364,194)	-	(364,194)
Business-type activities:							
Water and sewer	421,450	371,588	-	-	-	(49,862)	(49,862)
Total business-type activities	421,450	371,588	-	-	-	(49,862)	(49,862)
Total primary government	\$ 856,884	\$ 403,883	\$ 38,945	-	(364,194)	(49,862)	(414,056)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					121,334	-	121,334
Other taxes					190,114	-	190,114
Investment earnings					1,158	-	1,158
Other revenues					3,053	-	3,053
Transfers					42,064	(42,064)	-
Total general revenues and transfers					357,723	(42,064)	315,659
Change in net position					(6,471)	(91,926)	(98,397)
Net position, beginning					875,598	1,284,014	2,159,612
Net position, ending					\$ 869,127	\$ 1,192,088	\$ 2,061,215

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

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**Town of Ansonville**  
**Balance Sheet**  
**Governmental Funds**  
**6/30/2021**

**Exhibit 3**

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 393,789
Restricted cash and cash equivalents	35,173
Receivables, net:	
Taxes	76,849
Accounts	3,435
Due from other governments	51,876
Prepaid expense	520
Total assets	<u>\$ 561,642</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable and accrued liabilities	<u>14,631</u>
Total liabilities	<u>14,631</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes receivable	<u>76,849</u>
Total deferred inflows of resources	<u>76,849</u>
<b>FUND BALANCES:</b>	
Restricted for:	
Stabilization by State Statute	55,311
Streets - Powell Bill	35,173
Unassigned	<u>379,678</u>
Total fund balances	470,162
Total liabilities, deferred inflows of resources, and fund balances	<u>561,642</u>
Reconciliation of fund balance as reported in the balance sheet - governmental funds	
Fund balance as reported in the balance sheet - governmental funds	470,162
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	364,076
Net Pension Liability	(72,041)
Deferred outflows of resources related to pensions are not reported in the funds	37,463
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	76,849
Compensated absences not expected to be materially liquidated with expendable available resources	(5,824)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(1,558)</u>
Net position of governmental activities	<u>\$ 869,127</u>

*Town of Ansonville*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended June 30, 2021*

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**Exhibit 4**

	<b>Total Governmental Funds</b>
<b>REVENUES</b>	
Ad valorem taxes	\$ 120,142
Unrestricted intergovernmental	190,114
Restricted intergovernmental	38,945
Permits and fees	32,295
Investment earnings	1,158
Miscellaneous	3,053
Total revenues	<u>385,707</u>
<b>EXPENDITURES</b>	
Current:	
General government	124,087
Public safety	7,030
Transportation	199,410
Environmental protection	48,639
Cultural and recreational	801
Miscellaneous expenses	317
Total expenditures	<u>380,284</u>
Revenues over expenditures	<u>5,423</u>
<b>OTHER FINANCING SOURCES</b>	
Transfers (to)/from other funds:	
Water and sewer fund	42,064
Total other financial sources	<u>42,064</u>
Net change in fund balance	47,487
Fund balances, beginning	<u>422,675</u>
Fund balances, ending	<u>\$ 470,162</u>

*Town of Ansonville*  
*Statement of Revenues, Expenditures, and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended June 30, 2021*

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**Exhibit 5**

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

Net changes in fund balances - total governmental funds		\$	47,487
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
	Capital outlay	-	
	Depreciation expense	(45,491)	(45,491)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities			11,614
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, these expenses are not reported as expenditures in governmental funds.			
	Compensated absences	3,824	
	Pension expense	(25,097)	(21,273)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in unavailable revenue for tax revenues			1,192
Total changes in net position of governmental activities		\$	(6,471)

## General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Ad valorem taxes	\$ 120,000	\$ 120,000	\$ 120,142	\$ 142
Unrestricted intergovernmental	152,500	152,500	190,114	37,614
Restricted intergovernmental	50,000	50,000	38,945	(11,055)
Investment earnings	236	236	1,158	922
Permits and Fees	32,000	32,000	32,295	295
Miscellaneous	1,500	1,500	3,053	1,553
Total revenues	<u>356,236</u>	<u>356,236</u>	<u>385,707</u>	<u>29,471</u>
Expenditures:				
Current:				
General government	115,200	115,200	124,087	(8,887)
Public safety	19,650	19,650	7,030	12,620
Transportation	207,450	207,450	199,410	8,040
Environmental protection	51,500	51,500	48,639	2,861
Culture and recreational	1,000	1,000	801	199
Miscellaneous	3,500	3,500	317	3,183
Total expenditures	<u>398,300</u>	<u>398,300</u>	<u>380,284</u>	<u>18,016</u>
Revenues over (under) expenditures	<u>(42,064)</u>	<u>(42,064)</u>	<u>5,423</u>	<u>47,487</u>
Other financing sources				
Transfers (to)/from other funds:				
Water and Sewer Fund	42,064	42,064	42,064	-
Total other financing sources	<u>42,064</u>	<u>42,064</u>	<u>42,064</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>47,487</u>	<u>\$ 47,487</u>
Fund balances, beginning			422,675	
Fund balances, ending			<u>\$ 470,162</u>	

*Town of Ansonville*  
*Statement of Net Position*  
*Proprietary Funds*  
*6/30/2021*

**Exhibit 7**

	<b><u>Water and Sewer Fund</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 84,230
Accounts receivable (net)	50,783
Prepaid expense	<u>220</u>
Total current assets	<u>135,233</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	13,420
Other capital assets, net of depreciation	<u>1,538,718</u>
Capital assets (net)	<u>1,552,138</u>
Total noncurrent assets	<u>1,552,138</u>
Total assets	<u>\$ 1,687,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	<u>4,163</u>
Total deferred outflows of resources	<u>4,163</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 17,129
Customer deposits	14,640
General obligation bonds payable - current	<u>31,500</u>
Total current liabilities	<u>63,269</u>
Noncurrent liabilities:	
Net pension liability	8,004
General obligation bonds payable - noncurrent (net)	<u>428,000</u>
Total noncurrent liabilities	<u>436,004</u>
Total liabilities	<u>499,273</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>173</u>
Total deferred inflows of resources	<u>173</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,092,638
Unrestricted	<u>99,450</u>
Total net position	<u>\$ 1,192,088</u>

*Town of Ansonville*  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended June 30, 2021*

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**Exhibit 8**

	<b><u>Water and Sewer Fund</u></b>
<b>OPERATING REVENUES</b>	
Water charges	\$ 237,519
Sewer charges	<u>134,069</u>
<b>Total operating revenues</b>	<u>371,588</u>
<b>OPERATING EXPENSES</b>	
Water/Sewer Administration	37,174
Water Distribution and Treatment	154,605
Waste collection and Treatment	126,318
Depreciation	<u>77,654</u>
<b>Total operating expenses</b>	<u>395,751</u>
<b>Operating income</b>	<u>(24,163)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest on bond payable	<u>(25,699)</u>
<b>Total nonoperating revenue (expenses)</b>	<u>(25,699)</u>
<b>Income before contributions and transfers</b>	(49,862)
Transfers (to)/ from General Fund	<u>(42,064)</u>
<b>Change in net position</b>	(91,926)
<b>Total net position, beginning</b>	<u>1,284,014</u>
<b>Total net position, ending</b>	<u>\$ 1,192,088</u>

**Water and  
Sewer Fund**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 311,690
Cash paid for goods and services	(262,158)
Cash paid to or on behalf of employees for services	(16,064)
Customer deposits received	1,530
Customer deposits returned	(630)
Net cash provided by operating activities	<u>34,368</u>

**CASH FLOWS FROM NON- CAPITAL FINANCING ACTIVITIES**

Transfer (to)/from other funds	<u>(42,064)</u>
Net cash (used) in non-capital financing activities	<u>(42,064)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING  
ACTIVITIES**

Acquisition and construction of capital assets	-
Principal paid on bond maturities and equipment contracts	(30,000)
Interest paid on bond maturities and equipment contracts	<u>(25,699)</u>
Net cash (used) by capital and related financing activities	<u>(55,699)</u>

Net decrease in cash and cash equivalents (63,395)

Balances, beginning 147,625

Balances, ending \$ 84,230

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

Cash paid during the year:

Interest \$ 25,699

**Town of Ansonville**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

**Exhibit 9**  
**Page 2 of 2**

**Water and  
Sewer Fund**

RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating (loss)	\$ (24,163)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	77,654
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(16,617)
(Increase) decrease in prepaid expense	(2)
Increase (decrease) in accounts payable and accrued liabilities	3,286
Increase (decrease) in customer deposits	900
Increase (decrease) in due to other funds	(9,544)
(Increase) decrease in deferred outflows of resources-pensions	(2,151)
Increase (decrease) in net pension liability	4,850
Increase (decrease) in deferred inflows of resources-pensions	155
Total adjustments	<u>58,531</u>
Net cash provided by operating activities	<u>\$ 34,368</u>



## **NOTES TO THE FINANCIAL STATEMENTS**

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

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The Town of Ansonville is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town of Ansonville only. There were no entities which met the requirements of a reportable component unit.

**B. 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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. There are no other funds to report for the Town of Ansonville.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

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.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for street maintenance and construction, sanitation services and general governmental services.

The Town reports the following major enterprise funds:

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

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

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

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

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

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

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

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

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

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Proprietary Funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Grant Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town 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).

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents

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

Restricted Cash

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. Deferred revenue consists of customer payments on utility accounts for services that have not been provided. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

**Town of Ansonville Restricted Cash**

Governmental Activities General Fund

Streets	\$ 35,173
Total governmental activities	<u>\$ 35,173</u>

Business-type Activities Water & Sewer Fund

Customer deposits	\$ 14,640
Total business-type activities	<u>\$ 14,640</u>

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 are based on the assessed values as of January 1, 2021.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

Allowances for Doubtful Accounts

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

Prepaid Expenses

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, \$500; buildings, improvements, substations, lines, and other plant and distribution systems, \$500; infrastructure, \$500; equipment and furniture, \$500; vehicles and motorized equipment, \$500; computer software and computer equipment, \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Furniture & equipment	7
Land improvements	10
Maintenance equipment	10
Buildings	20
Water lines and tanks	30

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

Deferred Outflows/Inflows of Resources (Continued)

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 2021 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 two items that meet the criterion for this category – property taxes receivable and pension deferrals for the 2021 fiscal year and an unamortized loss on a bond defeasance for Water and Sewer refunding bonds. 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 two items that meet the criterion for this category - property taxes receivable, and pension deferrals.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and 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.



**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance 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.

**Prepaid Items** – Portion of fund balance that is not an available resource because it represents the year-end balance of expenses paid for the next fiscal year.

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

**Restricted for Stabilization by State statute** – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies (continued)**

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Ansonville'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 Town of Ansonville 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 – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Town of Ansonville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town will use resources in the following hierarchy; 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 balances and lastly unassigned fund balance. The Town 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 asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the 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 reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Ansonville's employer contributions are recognized when due and the Town of Ansonville 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.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**II. Stewardship, Compliance and Accountability**

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General government exceeded the authorized appropriations made by the governing board by \$8,887 and the Water & Sewer fund by \$26,518. Management and the Council will more closely review the budget reports to ensure compliance in future years

Noncompliance with North Carolina General Statutes

State law (G.S. 159-34) requires the unit to have its accounts audited as soon as possible after the close of each fiscal year. The audit due date for this audit would have been October 31, 2021. This Statute was not complied with. We recommend, going forward, that the Town take every possible step to have audits completed in a timely manner. The Town agrees with this recommendation and will work to achieve this going forward.

Pursuant to G.S. 159-33 LGC 203 report, Cash and Investment summary, was not timely filed. The Town's June 30, 2021 report was due by July 31, 2021 but was filed late. The Town should implement procedures to ensure the timely filing of this report in the future. The Town agrees with this recommendation and will work to resolve this issue going forward.

Pursuant to G.S. 136-41.1 through 136-41.4, Powell Bill Expenditures Report, was not timely filed. The Town's June 30, 2021 report was due on August 1, 2021, but was filed late. The Town should implement procedures to ensure the timely filing of this report in the future. The Town agrees with this recommendation and will work to resolve this issue going forward.

Pursuant to G.S. 159-32, daily deposits of taxes and other monies collected, received by an officer or employee of a local government or public authority, shall be deposited on a daily basis, subject to certain exceptions. The Town had lapses in following this statute. The Town should implement procedures to ensure the timely depositing of all Town monies. The Town agrees with this recommendation and will work to resolve this issue going forward.

**III. Detail Notes on All Funds**

A. Assets  
Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the unit'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 its 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-

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

**Deposits (Continued)**

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 exact amounts 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 property secured.

At June 30, 2021, the Town's deposits have a carrying amount of \$513,068 and a bank balance of \$516,254. Of the bank balance, \$250,000 was covered by federal depository insurance and \$266,254 was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$125.

**Capital Assets**

**Primary Government:**

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

<b>Governmental Activities</b>	<b><u>Beginning Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balances</u></b>
<b>Capital Assets not being depreciated:</b>				
Land	\$ 30,406	\$ -	\$ -	\$ 30,406
Total capital assets not being depreciated	30,406	-	-	30,406
<b>Capital assets being depreciated:</b>				
Buildings	74,072	-	-	74,072
Land improvements	73,800	-	-	73,800
Furniture & equipment	75,919	-	-	75,919
Vehicles	65,729	-	-	65,729
Infrastructure	400,187	-	-	400,187
Total capital assets being depreciated	689,707	-	-	689,707
<b>Less accumulated depreciation for:</b>				
Buildings	50,814	1,371	-	52,185
Land improvements	32,505	3,370	-	35,875
Furniture & equipment	50,542	3,308	-	53,850
Vehicles	29,949	10,764	-	40,713
Infrastructure	146,735	26,679	-	173,414
Total accumulated depreciation	310,545	45,492	-	356,037
Total capital assets being depreciated, net	379,162			333,670
<b>Governmental activity capital assets, net</b>	<b>\$ 409,568</b>			<b>\$ 364,076</b>

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

**Capital Assets (Continued)**

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

General Government	\$ 3,659
Transportation	39,533
Cultural and Recreational	1,600
Miscellaneous	700
Total depreciation expense	<u>\$ 45,492</u>

Capital asset activity for the Business-type activities for the year ended June 30, 2021, was as follows:

<b>Business-type Activities</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Capital Assets not being depreciated:</b>				
Land	\$ 13,420	\$ -	\$ -	\$ 13,420
Total capital assets not being depreciated	<u>13,420</u>	<u>-</u>	<u>-</u>	<u>13,420</u>
<b>Capital assets being depreciated:</b>				
Buildings	6,867	-	-	6,867
Plant & distribution systems	297,487	-	-	297,487
Office furniture & equipment	796	-	-	796
Furniture & equipment	173,632	-	-	173,632
Sewer lines	<u>3,087,211</u>	<u>-</u>	<u>-</u>	<u>3,087,211</u>
Total capital assets being depreciated	<u>3,565,993</u>	<u>-</u>	<u>-</u>	<u>3,565,993</u>
<b>Less accumulated depreciation for:</b>				
Buildings	5,164	90	-	5,254
Plant & distribution systems	269,238	3,404	-	272,642
Office furniture & equipment	796	-	-	796
Furniture & equipment	100,047	12,416	-	112,463
Sewer lines	<u>1,574,376</u>	<u>61,744</u>	<u>-</u>	<u>1,636,120</u>
Total accumulated depreciation	<u>1,949,621</u>	<u>77,654</u>	<u>-</u>	<u>2,027,275</u>
Total capital assets being depreciated, net	<u>1,616,372</u>			<u>1,538,718</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 1,629,792</u>			<u>\$ 1,552,138</u>

**Liabilities**

**Local Government Employees' Retirement System**

*Plan Description.* The Town of Ansonville 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

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the 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](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of 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 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 Alternative Benefit for life or a return of the member's contributions.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

*Contributions.* Contribution provisions are established by General Statue 128-30 and may be amended only by the North Carolina General Assembly. Town of Ansonville 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 Ansonville's contractually required contribution rate for the year ended June 30, 2021 was 8.95% of compensation 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 Ansonville were \$11,614 for the year ended June 30, 2021.

*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, 2021, the Town reported a liability of \$80,045 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Town's proportion was 0.00224%, which was an increase of 0.00007% from its proportion measured as of June 30, 2019.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

For the year ended June 30, 2021, the Town recognized pension expense of \$28,536. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,108	\$ -
Changes in assumptions	5,597	-
Net difference between projected and actual earnings on pension plan investments	11,264	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,683	1,731
Town contributions subsequent to the measurement date	<u>11,614</u>	<u>-</u>
Total	<u>\$ 41,626</u>	<u>\$ 1,731</u>

\$11,614 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$ 8,122
2022	10,855
2023	5,971
2024	3,334
2025	-
Thereafter	<u>-</u>
	<u>\$ 28,282</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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



**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

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

The actuarial assumptions used in the December 31, 2019 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, 2020 are summarized in the following table:

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

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.0 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 (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 162,402	\$ 80,045	\$ 11,600

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

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

Deferred Outflows and Inflows of Resources

<u>Source</u>	<u>Amount</u>
---------------	---------------

Deferred outflows of resources are comprised of the following:

Pension deferrals	\$ <u>41,626</u>
Total	\$ <u>41,626</u>

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

Pension deferrals	\$ <u>1,731</u>
Total	\$ <u>1,731</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries a commercial insurance policy to cover all risks of loss. Coverage under this policy is as follows:

General Liability	\$ 2,000,000
Public Officials Liability	2,000,000
Business Auto	1,000,000
Workman's Compensation	1,000,000

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

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

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 town clerk and town administrator are individually bonded for \$50,000.

Claims and Judgments

At June 30, 2021, there was no pending or threatened litigation, claims or assessments involving the Town of Ansonville.

Long-term Obligations

General Obligation Indebtedness

Those general obligation bonds issued to finance the construction of facilities utilized in the operation of the 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, 2021 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

Sanitary Sewer Bonds totaling \$894,000 due in annual installments payable on June 1. These installments increase each year by \$1,500 with a final payment of \$10,000 due 2035. Interest on these bonds is compounded annually at 5.25%.

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

Annual debt service requirements to maturity for general obligation bonds, including interest on the Sanitary Sewer Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2022	31,500	24,124	55,624
2023	33,000	22,470	55,470
2024	35,000	20,738	55,738
2025	36,000	18,900	54,900
2026	36,000	17,012	53,012
Thereafter	288,000	67,937	355,937
Total	459,500	171,281	630,781

**Changes in Long-Term Liabilities**

**Governmental Activities:**

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion of Balance
Compensated absences	\$ 9,648	\$ 1,269	\$ 5,093	\$ 5,824	\$ 2,912
Net pension liability	59,930	12,111	-	72,041	-
Governmental activity					
Long-term liabilities	\$ 69,578	\$ 13,380	\$ 5,093	\$ 77,865	\$ 2,912

**Business Activities:**

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion of Balance
General obligation bonds	\$ 489,500	\$ -	\$ 30,000	\$ 459,500	\$ 31,500
Net pension liability	3,154	4,850	-	8,004	-
Business-type activity					
Long-term liabilities	\$ 492,654	\$ 4,850	\$ 30,000	\$ 467,504	\$ 31,500

**Town of Ansonville, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**III. Detail Notes on All Funds (continued)**

The LGERS plan had a net pension asset as of June 30, 2021; however, the plan has a net pension liability at the beginning of the fiscal year.

**Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2021, consist of the following:

To the General Fund from the Water and Sewer Fund for operating purposes.	\$ 42,064
Total	<u>\$ 42,064</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**IV. 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	\$ 470,162
Less:	
Stabilization by State Statute	55,311
Streets-Powell Bill	35,173
Remaining Fund Balance	379,678

**V. Subsequent Event**

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law. The law appropriates \$1.9 trillion of federal funding for COVID-19 relief and economic recovery including provisions directly benefiting state and local governments. North Carolina is expecting to receive over \$8.6 billion for state and local government relief, \$3.2 billion of which is to be distributed to local governments via federal formulas. ARPA funds are restricted to use within broad categories outlined in the Act, though within the categories of eligible uses, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. State and local governments must obligate ARPA funds by December 31, 2024, and spend them by December 31, 2026. Subsequent to June 30, 2021, the Town received ARPA allocations of \$93,856. The Town is currently collaborating on a plan to utilize the funds received.

## **Required Supplemental Financial Data**

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

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- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

*Town of Ansonville, North Carolina*  
*Proportionate Share of Net Pension Liability (Asset)*  
*Required Supplementary Information*  
*Last Eight Fiscal Years \**

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**Local Government Employees' Retirement System**

	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Ansonville's proportion of the net pension liability (asset) (%)	0.00224%	0.00231%	0.00205%	0.00167%	0.00179%	0.00121%	0.00001%	0.00012%
Ansonville's proportion of the net pension liability (asset) (\$)	\$ 80,045	\$ 63,084	\$ 48,633	\$ 25,513	\$ 37,990	\$ 5,430	\$ (8,079)	\$ 14,465
Ansonville's covered payroll	\$ 147,713	\$ 151,815	\$ 131,860	\$ 107,410	\$ 101,686	\$ 89,280	\$ 62,270	\$ 74,795
Ansonville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	54.19%	41.55%	36.88%	23.75%	37.36%	6.08%	( 12.97%)	19.34%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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



*Town of Ansonville, North Carolina*  
*Town of Ansonville's Contributions*  
*Required Supplementary Information*  
*Last Eight Fiscal Years*

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**Local Government Employees' Retirement System**

	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Contractually required contribution	\$ 11,614	\$ 13,220	\$ 11,766	\$ 9,889	\$ 7,787	\$ 7,070	\$ 5,992	\$ 4,470
Contributions in relation to the contractually required contribution	<u>11,614</u>	<u>13,220</u>	<u>11,766</u>	<u>9,889</u>	<u>7,787</u>	<u>7,070</u>	<u>5,992</u>	<u>4,470</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ansonville's covered payroll	\$ 114,428	\$ 147,713	\$ 151,815	\$ 131,860	\$ 107,410	\$ 101,686	\$ 89,280	\$ 62,270
Contributions as a percentage of covered payroll	10.15%	8.95%	7.75%	7.50%	7.25%	6.95%	6.71%	7.18%

**INDIVIDUAL FUND**  
**FINANCIAL STATEMENTS**

## MAJOR GOVERNMENTAL FUND

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

**Town of Ansonville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ -	\$ 116,934	\$ -
Interest	-	3,208	-
Total	<u>120,000</u>	<u>120,142</u>	<u>142</u>
Unrestricted intergovernmental:			
Local option sales tax	-	162,230	-
Franchise tax	-	23,454	-
Beer and wine tax	-	1,627	-
Sales tax refunds	-	2,358	-
Solid waste disposal tax	-	445	-
Total	<u>152,500</u>	<u>190,114</u>	<u>37,614</u>
Restricted intergovernmental:			
Powell Bill allocation	-	22,150	-
FEMA grant	-	8,804	-
Covid grant	-	7,991	-
Total	<u>50,000</u>	<u>38,945</u>	<u>(11,055)</u>
Permits and fees:			
Garbage fees	-	32,295	-
Total	<u>32,000</u>	<u>32,295</u>	<u>295</u>
Other general revenue:			
Miscellaneous	-	3,053	-
Total	<u>1,500</u>	<u>3,053</u>	<u>1,553</u>
Investment earnings			
Unrestricted investment earnings	-	1,158	-
Total	<u>236</u>	<u>1,158</u>	<u>922</u>
<b>Total revenues</b>	<u>356,236</u>	<u>385,707</u>	<u>29,471</u>

*Town of Ansonville, North Carolina*  
**General Fund**  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Fiscal Year Ended June 30, 2021*

**Exhibit A-1**  
**Page 2 of 3**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Salaries and employee benefits	-	52,765	-
Operating expenditures	-	34,640	-
Total	<u>78,800</u>	<u>87,405</u>	<u>(8,605)</u>
Finance:			
Salaries and employee benefits	-	36,682	-
Total	<u>36,400</u>	<u>36,682</u>	<u>(282)</u>
<b>Total general government</b>	<u>115,200</u>	<u>124,087</u>	<u>(8,887)</u>
Public safety:			
Police:			
Salaries and employee benefits	-	5,350	-
Total	<u>18,150</u>	<u>5,350</u>	<u>12,800</u>
Rescue units:			
Assistance to local rescue units	<u>1,500</u>	<u>1,680</u>	<u>(180)</u>
<b>Total public safety</b>	<u>19,650</u>	<u>7,030</u>	<u>12,620</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits	-	126,878	-
Operating expenditures	-	47,600	-
Powell Bill	-	24,932	-
<b>Total transportation</b>	<u>207,450</u>	<u>199,410</u>	<u>8,040</u>
Environmental protection:			
Solid waste:			
Operating expenditures	-	48,639	-
<b>Total environmental protection</b>	<u>51,500</u>	<u>48,639</u>	<u>2,861</u>
Cultural and recreational			
Parks and recreational			
Operating expenditures	-	801	-
<b>Total cultural and recreational</b>	<u>1,000</u>	<u>801</u>	<u>199</u>

*Town of Ansonville, North Carolina*  
**General Fund**  
*Schedule of Revenues, Expenditures, and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Fiscal Year Ended June 30, 2021*

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other expenses			
Medical center expense	<u>-</u>	<u>317</u>	<u>-</u>
<b>Total Other</b>	<u>3,500</u>	<u>317</u>	<u>3,183</u>
 <b>Total Expenditures</b>	 <u>398,300</u>	 <u>380,284</u>	 <u>18,016</u>
 Revenues over(under) expenditures	 (42,064)	 5,423	 47,487
<b>Other financing sources (uses):</b>			
Transfer from/(to) other funds:			
Water and Sewer fund	<u>42,064</u>	<u>42,064</u>	<u>-</u>
Total other financing sources (uses)	<u>42,064</u>	<u>42,064</u>	<u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>47,487</u>	 <u>\$ 47,487</u>
 Fund balances, beginning		<u>422,675</u>	
 Fund balances, ending		<u>\$ 470,162</u>	

## ENTERPRISE FUNDS

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

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

**Town of Ansonville, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

**Exhibit B-1**  
**Page 1 of 2**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales:			
Residential and Commercial	\$ -	236,319	\$ -
Tap Fees	-	1,200	-
Total	<u>235,291</u>	<u>237,519</u>	<u>2,228</u>
Sewer charges:			
Residential	-	134,069	-
Total	<u>136,500</u>	<u>134,069</u>	<u>(2,431)</u>
Total operating revenues	<u>371,791</u>	<u>371,588</u>	<u>(203)</u>
Total Revenues	<u>371,791</u>	<u>371,588</u>	<u>(203)</u>
Expenditures:			
Water and sewer administration:			
Operating expenditures	-	34,320	-
Total water and sewer administration	<u>35,000</u>	<u>34,320</u>	<u>680</u>
Water treatment and distribution:			
Water purchased	-	115,443	-
Operating expenditures	-	39,162	-
Total water treatment and distribution	<u>156,053</u>	<u>154,605</u>	<u>1,448</u>
Waste collection and treatment:			
Operating expenditures	-	126,318	-
Total	<u>99,800</u>	<u>126,318</u>	<u>(26,518)</u>
Debt service:			
Principal retirement	30,000	30,000	-
Interest and other charges	<u>28,100</u>	<u>25,699</u>	<u>2,401</u>
Total debt service	<u>58,100</u>	<u>55,699</u>	<u>2,401</u>
Total expenditures	<u>348,953</u>	<u>370,942</u>	<u>(21,989)</u>
Revenues over/(under) expenditures	22,838	646	(22,192)



*Town of Ansonville, North Carolina*  
*Water and Sewer Fund*  
*Schedule of Revenues and Expenditures*  
*Budget and Actual (Non-GAAP)*  
*For the Fiscal Year Ended June 30, 2021*

**Exhibit B-1**  
**Page 2 of 2**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Transfers to General Fund	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>
Total other financing sources/(uses)	<u>(42,064)</u>	<u>(42,064)</u>	<u>-</u>
Fund Balance Appropriated	<u>19,226</u>	<u>-</u>	<u>(19,226)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(41,418)</u>	<u>\$ (41,418)</u>

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Revenues and other sources over expenditures and other uses	\$ (41,418)
Reconciling items:	
Principal retirement	30,000
Depreciation	(77,654)
Capital outlay	-
(Decrease) in outflows of resources-pension	2,151
(Increase) in net pension liability	(4,850)
Decrease in inflows of resources-pension	<u>(155)</u>
Total reconciling items	<u>(50,508)</u>
Change in Net Position	<u>\$ (91,926)</u>

## Other Schedules

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This section includes additional information on property taxes.

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

***Town of Ansonville, North Carolina***  
***General Fund***  
***Schedule of Ad Valorem Taxes Receivable***  
***For the Year Ended June 30, 2021***

**Exhibit C-1**

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2020</u>	<u>Additions</u>	Collections And Credits <u>And Credits</u>	Uncollected Balance <u>June 30, 2021</u>
2020/2021	\$ -	\$ 130,145	\$ 105,591	\$ 24,554
2019/2020	23,083		6,164	16,919
2018/2019	17,335		1,781	15,554
2017/2018	13,753		1,054	12,699
2016/2018	12,358		473	11,885
2015/2016	11,868		493	11,375
2014/2015	7,296		698	6,598
2013/2014	2,917		232	2,685
2012/2013	2,810		233	2,577
2011/2012	2,216		213	2,003
2010/2011	1,421	-	1,421	-
	<u>95,057</u>	<u>130,145</u>	<u>118,353</u>	106,849
Less: allowance for uncollectible accounts:				<u>(30,000)</u>
Ad valorem taxes receivable - net				<u>\$ 76,849</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 120,142
Reconciling items:				
Releases				(2)
General Statute write off				<u>1,421</u>
Subtotal				<u>1,419</u>
Penalties and interest				<u>(3,208)</u>
Total collections and credits				<u>\$ 118,353</u>

*Town of Ansonville, North Carolina*  
*Analysis of Current Tax Levy*  
*Town - Wide Levy*  
*For the Year Ended June 30, 2021*

**Exhibit C-2**

	Town - Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy:</b>					
Property taxed at current year rate	\$ 28,921,111	\$ 0.45	\$ 130,145	\$ 114,484	\$ 15,661
<b>Abatements/Senior Citizen Discount</b>	-	0.45	-	-	-
Total Property Value	<u>\$ 28,921,111</u>				
Net levy			130,145	114,484	15,661
Uncollected taxes at June 30, 2021			<u>(24,554)</u>	<u>(24,554)</u>	-
Current year's taxes collected			<u>105,591</u>	<u>89,930</u>	<u>15,661</u>
Current levy collection percentage			<u>81.13%</u>	<u>78.55%</u>	<u>100.00%</u>