

**Town of Black Creek**  
**Black Creek, North Carolina**  
**Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2021**

**MAYOR**

**Ralph M. Smith, Jr.**

**BOARD OF COMMISSIONERS**

**Roland Lucas**  
**Larry Price**  
**Jim Varnell**  
**Candy Minshew**  
**Ellen Dawson**

**TOWN CLERK**

**Cindy Dougherty**



**Nunn, Brashear**  
**& Uzzell, P.A.**

Accountants and Consultants  
919-778-1000

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## **FINANCIAL SECTION**

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## Independent Auditors' Report

To the Honorable Mayor and Town Commissioners  
Black Creek, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Black Creek, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Black Creek, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of 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 12, the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 59, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 55 through 56, and the Law Enforcement Officers' Special Separation Allowance Schedules in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 57 through 58, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2025, on our consideration of the Town of Black Creek's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Black Creek's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Black Creek's internal control over financial reporting and compliance.

*Nunn, Brashear, & Uzzell, P.A.*

Goldsboro, North Carolina  
September 5, 2025

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

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## **Town of Black Creek, North Carolina Management's Discussion and Analysis**

As management of the Town of Black Creek, we offer readers of the Town of Black Creek's financial statements this narrative overview and analysis of the financial activities of the Town of Black Creek 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.

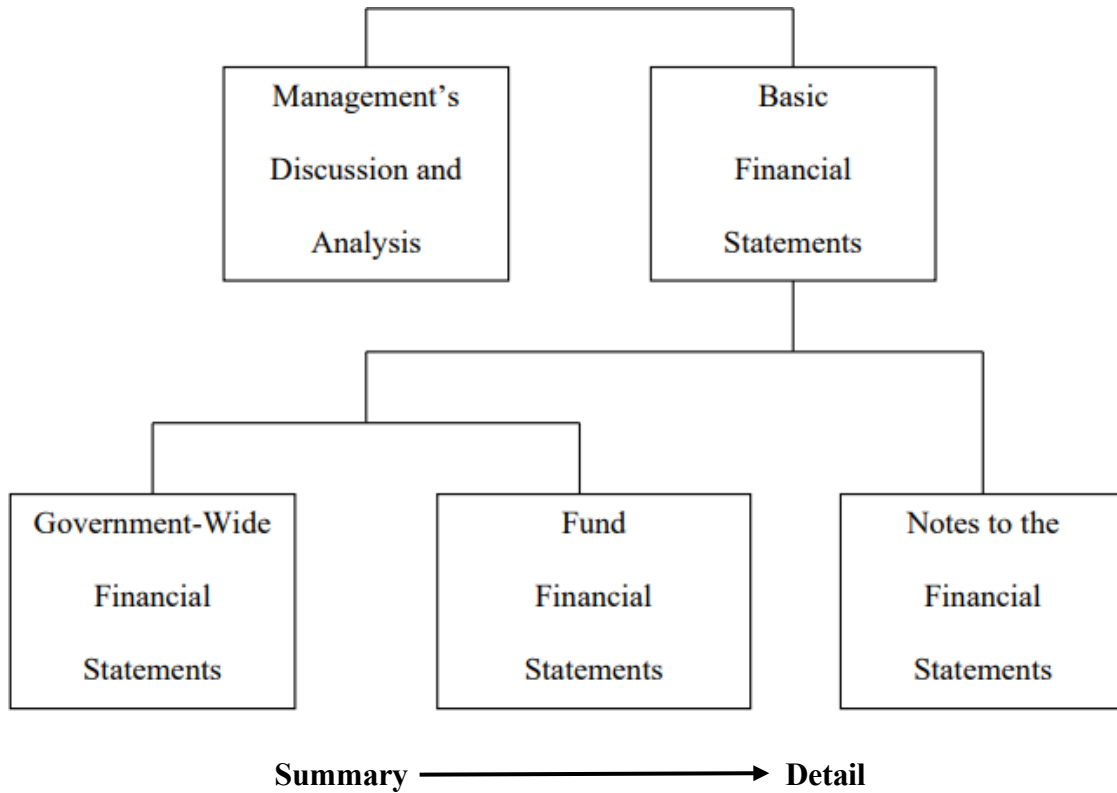
### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Black Creek exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,298,870 (net position).
- The government's total net position increased by \$688,528 primarily due to increases in both business-type activities net position.
- As of the close of the current fiscal year, the Town of Black Creek's governmental fund reported ending fund balance of \$241,455 with an increase of \$1,705 in fund balance. Approximately 54.40% of this total amount, or \$131,355 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$110,100 or 28.99% of total general fund expenditures for the fiscal year.
- The Town of Black Creek's total debt decreased by \$36,982 or 3.25% during the current fiscal year, due to remittance of scheduled debt service payments as required.

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

This discussion and analysis are intended to serve as an introduction to the Town of Black Creek's financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Black Creek.

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



### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements, 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 individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town 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 financial 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. This includes the electric and water and sewer services offered by the Town of Black Creek.

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

## **Fund Financial Statements**

The fund financial statements (see Figure 2) 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 Black Creek, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Black Creek can be divided into two categories: governmental funds and proprietary funds.

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

Management Discussion and Analysis  
Town of Black Creek, North Carolina

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

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

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Black Creek's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

**Interdependence with Other Entities.** The Town depends on the 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.

**Government-Wide Financial Analysis**

**Statement of Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 266,519	\$ 265,211	\$10,089,351	\$ 9,133,586	\$10,355,870	\$ 9,398,797
Capital assets	255,682	283,409	4,017,081	4,234,291	4,272,763	4,517,700
Deferred outflows of resources	156,334	150,168	211,899	217,914	368,233	368,082
Total assets and deferred outflows of resources	678,535	698,788	14,318,331	13,585,791	14,996,866	14,284,579
Long-term liabilities outstanding	344,305	327,601	1,547,147	1,572,178	1,891,452	1,899,779
Other liabilities	20,650	27,068	404,127	364,852	424,777	391,920
Deferred inflows of resources	152,878	153,347	228,889	229,191	381,767	382,538
Total liabilities and deferred inflows of resources	517,833	508,016	2,180,163	2,166,221	2,697,996	2,674,237
Net Position:						
Net investment in capital assets	255,682	271,517	2,914,637	3,106,757	3,170,319	3,378,274
Restricted	131,355	122,607	60,657	60,657	192,012	183,264
Unrestricted	(226,335)	(203,352)	9,162,874	8,252,156	8,936,539	8,048,804
Total net position	\$ 160,702	\$ 190,772	\$12,138,168	\$11,419,570	\$12,298,870	\$11,610,342

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of resources of the Town of Black Creek exceeded liabilities by \$12,298,870 as of June 30, 2021. The Town’s net position increased by \$688,528 for the fiscal year ended June 30, 2021. However, a large portion, \$255,682, reflects the Town’s investment in capital assets (eg. land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Black Creek uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Black Creek’s 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 Black Creek’s net position, \$131,355, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,936,539 is unrestricted.

Management Discussion and Analysis  
Town of Black Creek, North Carolina

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

- Collection of property taxes resulted in a total tax collection percentage of 97.89%. The Town’s collection percentage for property taxes excluding motor vehicles and for motor vehicles only is 97.47% and 100%, respectively.
- Compared to the prior year, General Fund revenues decreased \$16,643 (4.18%) primarily due to reductions in sales and service revenues and expenditures decreased \$103,516 (21.42%) primarily due to decreases in transportation and street expenditures for Powell Bill along with reductions in other functions.

**Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue:						
Program revenues:						
Charges for services	\$ 55,831	\$ 61,737	\$ 2,605,233	\$ 2,443,428	\$ 2,661,064	\$ 2,505,165
Grants and contributions:						
Operating	20,319	36,686	-	-	20,319	36,686
Capital	-	-	-	-	-	-
General revenues:						
Property taxes	170,272	168,298	-	-	170,272	168,298
Other taxes	124,974	118,512	-	-	124,974	118,512
Other	10,982	12,754	127,098	96,081	138,080	108,835
Total revenues	<u>382,378</u>	<u>397,987</u>	<u>2,732,331</u>	<u>2,539,509</u>		
Expenses:						
General government	73,183	106,695	-	-	73,183	106,695
Public safety	178,445	202,446	-	-	178,445	202,446
Transportation	113,521	181,112	-	-	113,521	181,112
Environmental protection	35,714	21,240	-	-	35,714	21,240
Cultural and recreational	8,684	12,070	-	-	8,684	12,070
Interest on long-term debt	2,901	709	-	-	2,901	709
Water and sewer	-	-	738,456	715,292	738,456	715,292
Electric	-	-	1,275,277	1,094,526	1,275,277	1,094,526
Total expenses	<u>412,448</u>	<u>524,272</u>	<u>2,013,733</u>	<u>1,809,818</u>	<u>2,426,181</u>	<u>2,334,090</u>
Increase (decrease) in net position	<u>(30,070)</u>	<u>(126,285)</u>	<u>718,598</u>	<u>729,691</u>	<u>688,528</u>	<u>603,406</u>
Net position, July 1	<u>190,772</u>	<u>322,181</u>	<u>11,419,570</u>	<u>10,707,239</u>	<u>11,610,342</u>	<u>11,029,420</u>
Restatement	<u>-</u>	<u>(5,124)</u>	<u>-</u>	<u>(17,360)</u>	<u>-</u>	<u>(22,484)</u>
Net position, July 1, restated	<u>190,772</u>	<u>317,057</u>	<u>11,419,570</u>	<u>10,689,879</u>	<u>11,610,342</u>	<u>11,006,936</u>
Net position, June 30	<u>\$ 160,702</u>	<u>\$ 190,772</u>	<u>\$12,138,168</u>	<u>\$11,419,570</u>	<u>\$12,298,870</u>	<u>\$11,610,342</u>

**Governmental activities.** Governmental activities decreased the Town's net position by \$30,070. Key elements of this decrease are as follows:

- The governmental funds experienced an increase of \$1,705 on the modified accrual basis with revenues and expenditures both decreasing from the prior year.
- Current year depreciation expenses totaled \$26,727 and disposal of equipment resulted in a gain of \$1,000.
- Principal retirement increased net position by \$11,892.
- Changes in OPEB, net pension liability, deferred tax revenues further reduced net position by \$17,940.

**Business-type activities.** Business-type activities increased the Town of Black Creek's net position by \$718,598 accounting for 104.37% of the total increase in net position. Key elements of this increase are as follows:

#### **Electric Fund**

- The electric fund experienced an increase of \$386,009 on the modified accrual basis.
- Depreciation expense decreased the electric fund net position by \$50,021. Disposal of capital assets resulted in a loss of \$675.
- Changes in net pension liability and OPEB decreased the electric fund net position by \$4,369
- Changes in the vacation accrual decreased net position by \$8,630.

#### **Water and Sewer Fund**

- The water and sewer fund experienced an increase of \$540,403 on the modified accrual basis.
- Changes in net pension liability and OPEB decreased the water and sewer fund net position by \$2,195.
- Depreciation expense decreased the water and sewer fund net position by \$166,514.
- Principal retirement of debt and reductions in interest expense accrued increased the water and sewer fund net position by \$25,320.
- Changes in the vacation accrual decreased net position by \$730.

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

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

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

The General Fund is the chief operating fund of the Town of Black Creek. At the end of the current fiscal year, the Town of Black Creek's fund balance available in the General Fund was \$110,100 while total fund balance reached \$241,455. The Town currently has an available fund balance of 28.99% of general fund expenditures, and the total fund balance represents 63.58% of the same amount.

**General Fund Budgetary Highlights:** During the fiscal year, the Town has the authority to revise the budget for several reasons. 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's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the fiscal year of the Electric Fund was \$4,656,735 and of the Water and Sewer Fund was \$4,506,139. The total change in net position was \$322,314 and \$396,284 for the Electric Fund and Water and Sewer Fund, respectively. Other factors concerning the finances of these two funds have been addressed in the discussion of the Town's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Black Creek’s investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$4,272,763 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following disposals: (there were no significant additions):

- \$60,692 in the Electric Fund for equipment and vehicle disposals.
- \$35,492 in the Water and Sewer Fund for equipment disposals.

**Capital Assets  
 (net of depreciation)  
 Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 81,855	\$ 81,855	\$ 195,039	\$ 195,039	\$ 276,894	\$ 276,894
Buildings	116,537	122,470	27,238	30,365	143,775	152,835
Improvements, other than buildings	18,807	23,251	-	-	18,807	23,251
Plant and systems	-	-	3,726,920	3,910,113	3,726,920	3,910,113
Equipment	3,600	6,050	25,717	33,607	29,317	39,657
Vehicles and motorized equipment	34,883	49,783	42,167	65,167	77,050	114,950
Total	<u>\$ 255,682</u>	<u>\$ 283,409</u>	<u>\$ 4,017,081</u>	<u>\$ 4,234,291</u>	<u>\$ 4,272,763</u>	<u>\$ 4,517,700</u>

Additional information on the Town’s capital assets can be found in note III of the basic financial statements.

**Long-term Debt.** As of June 30, 2021, the Town of Black Creek had total outstanding debt of \$1,102,444, which consisted of the following:

- \$568,011 for the well and water line project.
- \$174,347 for the water filtration improvement capital project.
- \$310,328 for the sewer rehabilitation capital project.
- \$49,758 repayable grant/loan for the Water Meter and Well Modification Capital Project.

**Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Compensated absences	\$ 7,130	\$ 1,379	\$ 12,543	\$ 2,068	\$ 19,673	\$ 3,447
Notes payable	-	-	1,102,444	1,151,863	1,102,444	1,151,863
Pension related debt (LGERS)	83,897	63,543	115,858	68,668	199,755	132,211
Pension related debt (LEO)	23,925	9,402	-	-	23,925	9,402
OPEB related debt	236,483	254,656	354,726	311,753	591,209	566,409
Installment purchases	-	11,892	-	-	-	11,892
Total	<u>\$ 351,435</u>	<u>\$ 340,872</u>	<u>\$ 1,585,571</u>	<u>\$ 1,534,352</u>	<u>\$ 1,937,006</u>	<u>\$ 1,875,224</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8.00% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Black Creek is \$2,472,787.

**Economic Factors and Next Year’s Budgets and Rates**

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

- On March 11, 2020, the World Health Organization declared a global pandemic following the outbreak of COVID-19 which created volatility in the global economy from February through June 2020. This volatility continued into fiscal year 2021.
- The unemployment rate for Wilson County was 7.2% at June 30 which is lower when compared to last year’s rate of 11.1%.

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

**Governmental Activities:** Budgeted property tax rate will remain the same.

**Business-type Activities:** Water and sewer fund and electric fund revenues are expected to increase slightly in the next fiscal year.

**Requests for Information**

This report is designed to provide an overview of the Town’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Cindy Dougherty, Town of Black Creek, PO Box 8, Black Creek, North Carolina 27813.

## **Basic Financial Statements**

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**Town of Black Creek, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 241,692	\$ 9,275,036	9,516,728
Taxes receivable (net)	11,544	-	11,544
Accounts receivable (net)	10,504	430,140	440,644
Due from other governments	27,209	38,417	65,626
Internal balances	(118,072)	118,072	-
Inventory	-	20,654	20,654
Prepaid expenses	-	729	729
Restricted assets:			
Cash and cash equivalents	93,642	206,303	299,945
Total current assets	<u>266,519</u>	<u>10,089,351</u>	<u>10,355,870</u>
Noncurrent assets:			
Capital assets			
Land, non-depreciable improvements and construction in progress	81,855	195,039	276,894
Other capital assets, net of depreciation	173,827	3,822,042	3,995,869
Total capital assets, net of depreciation	<u>255,682</u>	<u>4,017,081</u>	<u>4,272,763</u>
Total assets	<u>522,201</u>	<u>14,106,432</u>	<u>14,628,633</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	96,675	145,014	241,689
Pension deferrals	59,659	66,885	126,544
Total deferred outflows of resources	<u>156,334</u>	<u>211,899</u>	<u>368,233</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	13,520	207,305	220,825
Accrued interest payable	-	12,752	12,752
Compensated absences	7,130	12,543	19,673
Payable from restricted assets	-	145,646	145,646
Current portion of long-term liabilities	-	25,881	25,881
Total current liabilities	<u>20,650</u>	<u>404,127</u>	<u>424,777</u>
Long-term liabilities:			
Net pension liability (LGERS)	83,897	115,858	199,755
Net OPEB liability	236,483	354,726	591,209
Total pension liability (LEO)	23,925	-	23,925
Due in more than one year	-	1,076,563	1,076,563
Total liabilities	<u>364,955</u>	<u>1,951,274</u>	<u>2,316,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferrals	151,201	226,801	378,002
Pension deferrals	1,677	2,088	3,765
Total deferred inflows of resources	<u>152,878</u>	<u>228,889</u>	<u>381,767</u>
<b>NET POSITION</b>			
Net investment in capital assets	255,682	2,914,637	3,170,319
Restricted for:			
Debt service	-	60,657	60,657
Transportation	93,642	-	93,642
Stabilization by State Statute	37,713	-	42,297
Unrestricted	(226,335)	9,162,874	8,931,955
Total net position	<u>\$ 160,702</u>	<u>\$ 12,138,168</u>	<u>\$ 12,298,870</u>

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

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

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 73,183	\$ 10,028	\$ 335	-
Public safety	178,445	-	-	-
Transportation	113,521	-	19,408	-
Environmental protection	35,714	45,803	576	-
Cultural and recreation	8,684	-	-	-
Interest on long-term debt	2,901	-	-	-
Total governmental activities (See Note 1)	412,448	55,831	20,319	-
Business-Type Activities:				
Water and sewer	738,456	1,103,155	-	-
Electric	1,275,277	1,502,078	-	-
Total business-type activities	2,013,733	2,605,233	-	-
Total primary government	\$ 2,426,181	\$ 2,661,064	\$ 20,319	\$ -

General revenues:

  Taxes:

    Property taxes, levied for general purpose

  Grants and contributions, not restricted to specific programs

  Unrestricted investment earnings

  Gain (loss) on disposal of capital assets

  Miscellaneous

  Total general revenues, not including transfers

Transfers

  Total general revenues and transfers

  Change in net position

Net position, beginning

Net position, ending

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

**Exhibit 2**

**Net (Expense) Revenue and Changes in Net Position**  
**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (62,820)	\$ -	\$ (62,820)
(178,445)	-	(178,445)
(94,113)	-	(94,113)
10,665	-	10,665
(8,684)	-	(8,684)
(2,901)	-	(2,901)
<u>(336,298)</u>	<u>-</u>	<u>(336,298)</u>
-	364,699	364,699
-	226,801	226,801
-	591,500	591,500
<u>\$ (336,298)</u>	<u>\$ 591,500</u>	<u>\$ 255,202</u>
170,272	-	170,272
124,974	-	124,974
3,243	36,037	39,280
1,000	(675)	325
6,739	91,736	98,475
<u>306,228</u>	<u>127,098</u>	<u>433,326</u>
-	-	-
<u>306,228</u>	<u>127,098</u>	<u>433,326</u>
(30,070)	718,598	688,528
190,772	11,419,570	11,610,342
<u>\$ 160,702</u>	<u>\$ 12,138,168</u>	<u>\$ 12,298,870</u>

**Town of Black Creek, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 241,692	\$ 241,692
Restricted cash and cash equivalents	93,642	93,642
Taxes receivable	11,544	11,544
Accounts receivable (net)	10,504	10,504
Due from other governments	27,209	27,209
Total assets	<u>384,591</u>	<u>384,591</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	13,520	13,520
Due to other funds	118,072	118,072
Total liabilities	<u>131,592</u>	<u>131,592</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	11,544	11,544
Total deferred inflows of resources	<u>11,544</u>	<u>11,544</u>
<b>FUND BALANCES</b>		
Restricted		
Stabilization by State Statute	37,713	42,297
Streets - Powell Bil	93,642	93,642
Unassigned	110,100	105,516
Total fund balances	<u>241,455</u>	<u>241,455</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 384,591</u>	 <u>\$ 384,591</u>

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

**Town of Black Creek, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2021**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Governmental capital assets	\$ 991,578	
Less accumulated depreciation	<u>(735,896)</u>	255,682

Deferred outflows of resources related to pensions are not reported in the funds	59,659
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Deferred outflows of resources related to OPEB are not reported in the funds	96,675
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Long-term liabilities used in government activities are not financial uses and therefore are not reported in the funds

Total OPEB liability	(236,483)	
Net pension liability - LGERS	(83,897)	
Total net pension liability - LEOSSA	(23,925)	
Compensated absences	<u>(7,130)</u>	(351,435)

Deferred inflows of resources related to pensions are not reported in the funds	(1,677)
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Deferred inflows of resources related to OPEB are not reported in the funds	(151,201)
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Liabilities for earned but deferred revenues in fund statements are not reported in the funds	<u>11,544</u>
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Net position of governmental activities	<u><u>\$ 160,702</u></u>
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The notes to the financial statements are an integral part of this statement.

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

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 170,392	\$ 170,392
Other taxes and licenses	270	270
Unrestricted intergovernmental	124,974	124,974
Restricted intergovernmental	19,984	19,984
Sales and services	55,561	55,561
Investment earnings	3,243	3,243
Miscellaneous	7,074	7,074
Total revenues	<u>381,498</u>	<u>381,498</u>
<b>EXPENDITURES</b>		
General government	50,026	50,026
Public safety	177,945	177,945
Transportation	112,071	112,071
Environmental protection	21,314	21,314
Cultural and recreation	3,644	3,644
Debt service:		
Principal	11,892	11,892
Interest and other charges	2,901	2,901
Total expenditures	<u>379,793</u>	<u>379,793</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,705	1,705
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers from other funds	-	-
Transfers to other funds	-	-
<b>NET CHANGE IN FUND BALANCE</b>	1,705	1,705
Fund balance, beginning of year - July 1	<u>239,750</u>	<u>239,750</u>
Fund balance, end of year - June 30	<u>\$ 241,455</u>	<u>\$ 241,455</u>

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

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

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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	1,705
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period

Gain on disposal of capital assets		1,000
Less current year depreciation		(26,727)

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		(120)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

15,861

Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities

9,803

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

Principal payments		11,892
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Changes in compensated absences		
Pension expense		
OPEB plan expense		(43,484)

Total changes in net position of governmental activities

\$ (30,070)

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

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

	<b>General Fund</b>			<b>Variance Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 164,500	\$ 164,500	\$ 170,392	\$ 5,892
Other taxes and licenses	400	400	270	(130)
Unrestricted intergovernmental	100,000	100,000	124,974	24,974
Restricted intergovernmental	21,500	21,500	19,984	(1,516)
Sales and services	54,000	54,000	55,561	1,561
Investment earnings	900	900	3,243	2,343
Miscellaneous:	14,500	14,500	7,074	(7,426)
Total revenues	<u>355,800</u>	<u>355,800</u>	<u>381,498</u>	<u>25,698</u>
<b>Expenditures:</b>				
General government	75,700	75,700	50,026	25,674
Public safety	261,900	261,900	177,945	83,955
Transportation	125,700	125,700	112,071	13,629
Environmental protection:	22,025	22,025	21,314	711
Culture and recreation:	13,000	13,000	3,644	9,356
Debt service:				
Principal retirement	16,500	16,500	11,892	4,608
Interest and other charges	-	-	2,901	(2,901)
Total expenditures	<u>514,825</u>	<u>514,825</u>	<u>379,793</u>	<u>135,032</u>
Revenues over (under) expenditures	<u>(159,025)</u>	<u>(159,025)</u>	<u>1,705</u>	<u>160,730</u>
Other financing sources (uses)				
Transfers from other funds	159,025	159,025	-	(159,025)
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>159,025</u>	<u>159,025</u>	<u>-</u>	<u>(159,025)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,705</u>	<u>\$ 1,705</u>
Fund balance, beginning			<u>239,750</u>	
Fund balance, ending			<u>\$ 241,455</u>	

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

**Town of Black Creek, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,782,994	\$ 4,492,042	9,275,036
Accounts receivable (net)	288,430	141,710	430,140
Due from other governments	2,802	35,615	38,417
Internal balances	21,628	96,444	118,072
Inventory	15,890	4,764	20,654
Prepaid expenses	729	-	729
Restricted assets:			
Cash and cash equivalents	107,663	98,640	206,303
Total current assets	<u>5,220,136</u>	<u>4,869,215</u>	<u>10,089,351</u>
Noncurrent assets:			
Capital assets			
Land, non-depreciable improvements and construction in progress	35,156	159,883	195,039
Other capital assets, net of depreciation	554,678	3,267,364	3,822,042
Total capital assets, net of depreciation	<u>589,834</u>	<u>3,427,247</u>	<u>4,017,081</u>
Total assets	<u>5,809,970</u>	<u>8,296,462</u>	<u>14,106,432</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB deferrals	94,259	50,755	145,014
Pension deferrals	43,821	23,064	66,885
Total deferred outflows of resources	<u>138,080</u>	<u>73,819</u>	<u>211,899</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	127,638	79,667	207,305
Accrued interest payable	-	12,752	12,752
Compensated absences	10,912	1,631	12,543
Payable from restricted assets	107,663	37,983	145,646
Current portion of long-term liabilities	-	25,881	25,881
Total current liabilities	<u>246,213</u>	<u>157,914</u>	<u>404,127</u>
Long-term liabilities:			
Net pensions liability (LGERS)	75,907	39,951	115,858
Net OPEB liability	230,572	124,154	354,726
Due in more than one year	-	1,076,563	1,076,563
Total liabilities	<u>552,692</u>	<u>1,398,582</u>	<u>1,951,274</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferrals	147,421	79,380	226,801
Pension deferrals	1,368	720	2,088
Total deferred inflows of resources	<u>148,789</u>	<u>80,100</u>	<u>228,889</u>
<b>NET POSITION</b>			
Net investment in capital assets	589,834	2,324,803	2,914,637
Restricted for:			
Debt service	-	60,657	60,657
Unrestricted	4,656,735	4,506,139	9,162,874
Total net position	<u>\$ 5,246,569</u>	<u>\$ 6,891,599</u>	<u>\$ 12,138,168</u>

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

**Town of Black Creek, North Carolina**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,495,982	\$ 1,098,226	\$ 2,594,208
Water and sewer taps	-	3,072	3,072
Other operating revenues	6,096	1,857	7,953
Total operating revenues	1,502,078	1,103,155	2,605,233
<b>OPERATING EXPENSES</b>			
Operations	1,225,256	532,974	1,758,230
Depreciation	50,021	166,514	216,535
Total operating expenses	1,275,277	699,488	1,974,765
Operating income (loss)	226,801	403,667	630,468
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	4,452	31,585	36,037
Miscellaneous projects	91,736	-	91,736
Interest and other charges	-	(38,968)	(38,968)
Total nonoperating revenue (expenses)	96,188	(7,383)	88,805
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>			
Loss on disposal of capital asset	322,989	396,284	719,273
	(675)	-	(675)
Change in net position	322,314	396,284	718,598
Total net position - beginning	4,924,255	6,495,315	11,419,570
Total net position - June 30	\$ 5,246,569	\$ 6,891,599	\$ 12,138,168

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

**Town of Black Creek, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Business-Type Activities</b>		
	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,461,284	\$ 1,089,959	\$ 2,551,243
Cash paid for goods and services	(907,106)	(432,071)	(1,339,177)
Cash paid to or on behalf of employees for services	(236,543)	(137,365)	(373,908)
Customer deposits received (returned) - net	(428)	445	17
Other operating revenues	6,096	4,929	11,025
Net cash provided (used) by operating activities	323,303	525,897	849,200
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund payable due to other funds	(4,294)	(4,948)	(9,242)
Net cash provided (used) by noncapital financing activities	(4,294)	(4,948)	(9,242)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bond maturities and notes	-	(25,090)	(25,090)
Interest paid on debt	-	(39,198)	(39,198)
Miscellaneous projects	91,736	-	91,736
Net cash provided (used) by capital and related financing activities	91,736	(64,288)	27,448
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	4,452	31,585	36,037
Net cash provided (used) by investing activities	4,452	31,585	36,037
Net increase (decrease) in cash and cash equivalents	415,197	488,246	903,443
Cash and cash equivalents - beginning of year	4,475,460	4,102,436	8,577,896
Cash and cash equivalents - end of year	\$ 4,890,657	\$ 4,590,682	\$ 9,481,339

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

**Town of Black Creek, North Carolina  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2021**

	<b>Business-Type Activities Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 226,801	\$ 403,667	\$ 630,468
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Depreciation	50,021	166,514	216,535
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(35,285)	2,886	(32,399)
(Increase) decrease in due from other governments	587	(11,153)	(10,566)
(Increase) decrease in inventory	4,863	(4,249)	614
(Increase) decrease in prepaid expenses	(729)	-	(729)
(Increase) decrease in deferred outflows of resources for pensions and OPEB	3,871	2,144	6,015
Increase (decrease) in OPEB liability	(17,717)	(9,540)	(27,257)
Increase (decrease) in net pension liabilities	18,416	9,692	28,108
Increase (decrease) in deferred inflows of resources for pensions and OPEB	(201)	(101)	(302)
Increase (decrease) in accounts payable and accrued liabilities	64,474	(35,138)	29,336
Increase (decrease) in customer deposits	(428)	445	17
Increase (decrease) in accrued vacation pay	8,630	730	9,360
Total adjustments	96,502	122,230	218,732
Net cash provided by operating activities	\$ 323,303	\$ 525,897	\$ 849,200

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

# Town of Black Creek, 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 Black Creek 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 Black Creek is a municipal corporation that is governed by an elected mayor and a five-member board of commissioners. As required by generally accepted accounting principles, these financial statements present the financial statements activity of the Town.

##### **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 that are paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each part 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 fund:

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

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's electric system operations.

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

### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all the 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, including property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than 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 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 the 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, 2014 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

#### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the Electric Fund, and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Projects Special Revenue Fund, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

##### 1. 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).

The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

In accordance with State law, the Town has invested in bank certificates of deposit and money market accounts and are stated at fair value.

## 2. 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.

## 3. Restricted Assets

The unexpended grant funds in the General Fund are restricted to the purpose for which the grants were issued. Restricted assets consist of funds restricted for use in capital projects. Powell Bill funds are classified as restricted cash for transportation because they can only be expended for purposes of maintaining, repairing, construction, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Cash has been restricted for debt service to fulfill loan covenants. The Town has four outstanding loans issued by the USDA Rural Development, each carrying a loan covenant to establish a cash reserve to be funded for the first 10 years of loan repayment at the end of which there will have accumulated a cash reserve equal to one annual debt service payment for each loan.

### Town of Black Creek Restricted Cash

Governmental Activities:		
General Fund	Streets	\$ 93,642
Total Governmental Activities		<u>93,642</u>
Business-type Activities:		
Electric Fund	Customer deposits	107,663
Water and Sewer Fund	Debt service	60,657
Water and Sewer Fund	Customer deposits	37,983
Total Business-Type Activities		<u>206,303</u>
Total Restricted Cash		<u><u>\$ 299,945</u></u>

#### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. Discounts are not provided for taxes which are paid prior to the due date.

#### 5. 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.

#### 6. Internal Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

#### 7. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out) which approximates market. The Town’s General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventories of the Town’s enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

#### 8. 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. The Town has not adopted minimum capitalization policies. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	10-40
Improvements	15-40
Furniture and equipment	3-15
Vehicles and motorized equipment	3-10

#### 9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or

expenditure until then. The Town has two items that meets this criterion, contributions made to the pension and OPEB plans 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 until then. The Town has three items that meet the criterion for this category – property taxes receivable, OPEB, and pension deferrals.

#### 10. Long-Term Obligations

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

In fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 11. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to forty (40) hours earned vacation leave, with such leave being fully vested when earned. Hours over 40 hours at the end of the fiscal year, convert to earned sick leave hours. For the Town’s government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

#### 12. Net Positions/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

Committed fund balance – portion of fund balances that can only be used for specific purposes imposed by majority vote by quorum of Town of Black Creek’s governing body (highest level of decision-making authority). Any changes or removal of specific purposes require majority action by the governing body. There were no amounts classified as committed fund balance at fiscal year end June 30, 2021.

Assigned fund balance – portion of fund balance that Town of Black Creek intends to use for specific purposes. There were no amounts classified as assigned fund balance for the purpose of capital improvement at fiscal year end June 30, 2021.

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

Restricted fund balance – portion of fund balance that is restricted to specific purposes externally imposed by creditors or imposed by law

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

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

    Restricted for Debt service – portion of fund balance that is restricted by a USDA loan covenant.

## 13. Pensions

For purposes of measuring the net pension asset/liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Black Creek’s employer contribution are recognized when due and the Town of Black Creek has a legal requirement to provide the contributions. Benefit and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## **II. Stewardship, Compliance, and Accountability**

### **A. Noncompliance with North Carolina General Statutes**

The Town's books were not delivered timely in accordance with State law [G.S. 159-34(a)]. State law requires that the Town produce all books and records requested by the auditor and divulge such information relating to fiscal affairs as requested by the auditor. The Town did not have the books in order upon initial request by the auditor. The delay in adjusting the books and records delayed the audit due to the lack of an accurate trial balance.

The finance officer for the fiscal year ended June 30, 2021 did not keep financial records of the unit in accordance with generally accepted principles of governmental accounting and in accordance with the rules and regulations of the Local Government Commission [G.S. (a)(1)]. The Town did hire a firm to assist with closing the books and adjusting the trial balance, but this was not completed until August 2025.

### **B. Failure to Deposit Funds Daily**

The Town failed to deposit funds on a daily basis.

### **III. Detail Notes on All Funds**

#### **A. Assets**

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

At June 30, 2021, the Town's deposits had a carrying amount of \$9,816,573 and a bank balance of \$9,801,240. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$100.

##### **2. Investments**

The Town's investments are solely in bank certificates of deposits with a maturity of less than one year and are stated at cost. These investments are classified as cash equivalents.

#### **Interest Rate Risk**

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 2 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limit all securities to a final maturity of no more than two years.

### 3. Capital Assets

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 81,855	\$ -	\$ -	\$ 81,855
<b>Capital assets being depreciated:</b>				
Buildings	339,623	-	-	339,623
Other improvements	104,212	-	-	104,212
Equipment	256,281	-	28,163	228,118
Vehicles	255,415	-	17,645	237,770
Total capital assets being depreciated	<u>955,531</u>	<u>-</u>	<u>45,808</u>	<u>909,723</u>
<b>Less accumulated depreciation for:</b>				
Buildings	217,153	5,933	-	223,086
Other improvements	80,961	4,444	-	85,405
Equipment	250,231	1,450	27,163	224,518
Vehicles	205,632	14,900	17,645	202,887
Total accumulated depreciation	<u>\$ 753,977</u>	<u>\$ 26,727</u>	<u>\$ 44,808</u>	<u>\$ 735,896</u>
Total capital assets being depreciated, net	<u>201,554</u>			<u>173,827</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 283,409</u></u>			<u><u>\$ 255,682</u></u>

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

General government	\$ 5,337
Public safety	500
Transportation	1,450
Environmental protection	14,400
Cultural and recreational	5,040
Total depreciation expense	<u><u>\$ 26,727</u></u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
<b>Electric Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 35,156	\$ -	\$ -	\$ 35,156
<b>Capital assets being depreciated:</b>				
Buildings	82,886	-	-	82,886
Plant and distribution systems	1,422,882	-	-	1,422,882
Equipment	47,417	-	25,379	22,038
Vehicles	428,075	-	35,313	392,762
Total capital assets being depreciated	<u>1,981,260</u>	<u>-</u>	<u>60,692</u>	<u>1,920,568</u>
<b>Less accumulated depreciation for:</b>				
Buildings	53,917	2,598	-	56,515
Plant and distribution systems	917,208	23,432	-	940,640
Equipment	41,853	991	24,704	18,140
Vehicles	362,908	23,000	35,313	350,595
Total accumulated depreciation	<u>\$ 1,375,886</u>	<u>\$ 50,021</u>	<u>\$ 60,017</u>	<u>\$ 1,365,890</u>
Total capital assets being depreciated, net	<u>605,374</u>			<u>554,678</u>
<b>Electric Fund capital assets, net</b>	<u><u>\$ 640,530</u></u>			<u><u>\$ 589,834</u></u>
<b>Water and Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 159,883	\$ -	\$ -	\$ 159,883
<b>Capital assets being depreciated:</b>				
Buildings	21,661	-	-	21,661
Plant and distribution systems	6,487,462	-	-	6,487,462
Furniture and maintenance equipment	210,365	-	35,492	174,873
Vehicles	33,281	-	-	33,281
Total capital assets being depreciated	<u>6,752,769</u>	<u>-</u>	<u>35,492</u>	<u>6,717,277</u>
<b>Less accumulated depreciation for:</b>				
Buildings	20,265	529	-	20,794
Plant and distribution systems	3,083,023	159,761	-	3,242,784
Furniture and maintenance equipment	182,322	6,224	35,492	153,054
Vehicles	33,281	-	-	33,281
Total accumulated depreciation	<u>\$ 3,318,891</u>	<u>\$ 166,514</u>	<u>\$ 35,492</u>	<u>\$ 3,449,913</u>
Total capital assets being depreciated, net	<u>3,433,878</u>			<u>3,267,364</u>
<b>Water and Sewer Fund capital assets, net</b>	<u><u>\$ 3,593,761</u></u>			<u><u>\$ 3,427,247</u></u>
<b>Business-type activities capital assets, net</b>	<u><u>\$ 4,234,291</u></u>			<u><u>\$ 4,017,081</u></u>

## B. Liabilities

### 1. Pension Plan Obligation

#### a. Local Government Employees' Retirement System

*Plan Description.* The Town of Black Creek is a participating employer in the statewide Local Government 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 government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, or by calling (919)-981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Black Creek 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 Black Creek’s contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees, 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 Black Creek were \$62,452 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, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the Town reported a liability of \$199,755 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 liability 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 0.00559%, which was an increase of 0.00054% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$71,461. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,225	\$ -
Changes of assumptions	14,866	-
Net difference between projected and actual earnings on pension plan investments	28,110	-
Change in proportion and differences between Town contributions and proportionate share of contributions	9,354	3,600
Town contributions subsequent to the measurement date	37,764	-
Total	<u>\$ 115,319</u>	<u>\$ 3,600</u>

\$37,764 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 21,283
2023	26,563
2024	17,790
2025	8,319
2026	-
Thereafter	-
	\$ 73,955

*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

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 substantially 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:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 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 arithmetically annualized figures. The real rates of return are calculated from nominal rates of return 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 City’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 405,280	\$ 199,755	\$ 28,948

*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 (ACFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

*Plan Description.* The Town of Black Creek administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers. The Separation Allowance is equal to 85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance’s membership consisted of:

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

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

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

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees’ Retirement System for the five year period ending December 31, 2019.

**MORTALITY ASSUMPTION:** All mortality rates use Pub-2010 amount weighted tables.

**MORTALITY PROJECTION:** All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

DEATHS AFTER RETIREMENT (HEALTHY): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

DEATHS AFTER RETIREMENT (DISABLED): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

DEATHS AFTER RETIREMENT (BENEFICIARY): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

DEATHS BEFORE RETIREMENT: Mortality rates are based on the Safety Mortality Table for Employees.

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

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

At June 30, 2021, the Town reported a total pension liability of \$23,925. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$4,571.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 768	\$ -
Changes of assumptions	10,457	165
Benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 11,225</u>	<u>\$ 165</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 2,631
2023	2,668
2024	2,597
2025	2,363
2026	801
Thereafter	-
	<u>\$ 11,060</u>

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

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 1.93%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.93%) or 1-percentage point higher (2.93%) than the current rate:

	<b>1% Decrease (0.93%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total pension liability	\$ 27,104	\$ 23,925	\$ 21,052

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

	<b>2021</b>
Beginning balance	\$ 9,402
Service cost	1,590
Interest	307
Changes of benefit terms	-
Differences between expected and actual experience	101
Changes of assumptions of other inputs	12,525
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 23,925</u>

*Contributions.* The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

*Annual Pension Cost and Net Pension Obligation.* The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year have not been actuarially valued, and the Town believes any amount to be immaterial.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 69,132	\$ 2,035	\$ 71,167
Pension Liability	199,755	23,925	223,680
Proportionate share of the net pension liability	0.00559%	n/a	
Deferred Outflows of Resources			
Difference between expected and actual experience	25,225	768	25,993
Change of assumptions	14,866	10,457	25,323
Net difference between projected and actual earnings			
on plan investments	28,110	-	28,110
Changes in proportion and differences between			
contributions and proportionate share of contributions	9,354	-	9,354
Town contributions subsequent to the measurement date	37,764		37,764
Benefit payments and administrative costs paid			
subsequent to the measurement date		-	-
Deferred Inflows of Resources			
Difference between expected and actual experience	-	-	-
Change of assumptions	-	165	165
Net difference between projected and actual earnings			
on plan investments	-	-	-
Changes in proportion and differences between			
contributions and proportionate share of contributions	3,600	-	3,600

### c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* The Town elects to contribute each month an amount equal to 5.00% of each employee's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contribution information is included in the following section.

d. Supplemental Retirement Income Plan for General Employees

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to Town employees.

*Funding Policy.* The Town elects to contribute each month an amount equal to 5.00% of each employee's salary, and all amounts contributed are vested immediately. Also, the employee may make voluntary contributions to the plan.

Contributions for law enforcement and general employees for the year ended June 30, 2021 were \$22,430, which consisted of \$17,770 from the Town and \$4,660 from the employees.

e. Other Employment Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefits payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. For the fiscal year ended June 30, 2021, the Town made contributions to the State for death benefits of \$143. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

2. Healthcare Benefits

*Plan Description.* The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. The RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent, and the Director of the Office of State Human

Resources who serve as ex-officio members. RHBF is supported by a percentage of payroll contributions from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premium to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are present in the State of North Carolina's ACFR, which can be found at: <https://www.osc.nc.gov/public-information/reports>.

*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are other postemployment benefits (OPEB). The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when the former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the Teachers' and State Employees' Retirement System (TSERS), the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, which five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the state will pay 50% of the State Health Plan's noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in the Teachers' and State Employees' Retirement System (or in an allowed local system unit), the Consolidated Judicial Retirement System, or the Legislative Retirement System prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF’s benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, RHBF assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer RHBF, including costs to conduct required actuarial valuations of state-supported retired employees’ health benefits. Contributions rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal year ended June 30, 2021, the Town contributed 6.8% of covered payroll which amounted to \$24,508.

**Total OPEB Liability**

At June 30, 2021, the Town reported a liability of \$591,209 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of December 31, 2019. The total OPEB 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 OPEB liability was based on a projection of the Town’s present value of future salary, actuarially determined. At June 30, 2021, the Town’s proportion was 0.00213%.

*Actuarial assumptions.* Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	3.0 percent
Salary increases	3.5 percent to 5.50 percent
Discount rate	7.0 percent
Healthcare cost trend rate - medical	6.5 percent grading down to 5 percent by 2024
prescription drug	7.5 percent grading down to 5 percent by 2028
Medicare advantage	6.5 percent grading down to 5 percent by 2024
administrative	3.0 percent

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.50%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan’s fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2020.

*Sensitivity of the Town's proportionate share of the net OPEB liability to change in the discount rate.* The following presents the Town's proportionate share of the net OPEB liability, if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Net OPEB liability	\$ 701,136	\$ 591,209	\$ 502,644

*Sensitivity of the total net OPEB liability to changes in the healthcare cost trend rates.* The following presents the Town's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower (Medical 5.50%, Pharmacy 6.25%, Administrative 2.00%) or 1-percentage-point higher (Medical 7.50%, Pharmacy 8.25%, Administrative 4.00%) than the current trend rates.

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Net OPEB liability	\$ 476,621	\$ 591,209	\$ 744,371

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

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

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

OPEB Expense	\$13,000
OPEB Liability	591,209
Proportionate share of the net OPEB liability	0.00213%

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 536	\$ 23,129
Changes of assumptions	25,928	239,922
Net difference between projected and actual earnings on pension plan investments	1,245	-
Change in proportion and differences between Town contributions and proportionate share of contributions	189,472	114,951
Town contributions subsequent to the measurement date	24,508	-
<b>Total</b>	<b>\$ 241,689</b>	<b>\$ 378,002</b>

\$24,508 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2022	\$ 54,073
2023	54,009
2024	51,082
2025	(9,243)
2026	10,900
Thereafter	-
	<u>\$ 160,821</u>

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to the plan in current fiscal year	\$ 62,272
Differences between expected and actual experience	26,529
Changes of assumption	51,251
Net difference between project and actual earnings on pension plan investments	29,355
Changes in proportion and differences between employer contributions and proportionate share of contributions	198,826
Total	<u>\$ 368,233</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, net (General Fund)	\$ -	\$ 11,544
Differences between expected and actual experience	23,129	-
Changes of assumptions	240,087	-
Changes in proportion and differences between the Town contributions and proportional share of contributions	118,551	-
Net difference between projected and actual earnings on pension plan investments	-	-
Total	<u>\$ 381,767</u>	<u>\$ 11,544</u>

## 2. Risk Management

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

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. The Town has no buildings or land located in a designated flood plain and has not acquired 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 finance officer and tax collector are individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

## 3. Claims, Judgements, and Contingent Liabilities

At June 30, 2021, there were no lawsuits against the Town that materially impact its financial statements.

4. Long-Term Obligations

a. Notes Payable

Long-term obligations arising from notes payable as of June 30, 2021 consisted of the following:

The Town has a USDA Rural Services Loan for the construction of a well and water lines. The note bears interest at 4.125% and is payable to the USDA in forty annual installments of principal and interest totaling \$36,029, which is serviced by the Water and Sewer Fund. The note is secured by a promissory note and dead of trust that matures May 3, 2046. This loan carries a covenant requiring the Town to establish a debt reserve by depositing an amount into a restricted account in each of the first 10 years of the loan until the equivalent of one annual payment is accumulated.	\$568,011
The Town has a USDA Rural Services Loan for improvements to the water filtration system. The note bears interest on 3.250% and is payable to the USDA in forty (40) annual installments of principal and interest totaling \$9,187, which is serviced by the Water and Sewer Fund. The note is secured by a promissory note and a deed of trust and matures July 15, 2049. This loan carries a covenant requiring the Town to establish a debt reserve by depositing an amount into a restricted account in each of the first 10 years of the loan until the equivalent of one annual payment is accumulated.	174,347
The Town has a USDA Rural Services Loan for the rehabilitation of the sewer system. The note bears interest at 3.000% and is payable to the USDA in forty (40) annual installments of principal and interest totaling \$15,517, which is serviced by the Water and Sewer Fund. The note is secured by a promissory note and a deed of trust and matures February 9, 2052. This loan carries a covenant requiring the Town to establish a debt reserve by depositing an amount into a restricted account in each of the first 10 years of the loan until the equivalent of one annual payment is accumulated.	310,328
The Town has a NCDENR Grant 80 percent /Loan 20 percent for the Water Meter and Well Modification Capital Project. The note bears no interest and is payable to the NCDENR in twenty (20) annual installments of principal \$3,554, which is serviced by the Water and Sewer Fund. The note is secured by a promissory note and matures May 1, 2035.	49,758
Total loans outstanding	<u>\$1,102,444</u>

Annual debt service payments of the notes payable as of June 30, 2021 are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ 25,881	\$ 38,406
2023	-	-	26,700	37,587
2024	-	-	27,551	36,736
2025	-	-	28,435	35,852
2026	-	-	29,350	34,937
2027-2052	-	-	964,527	456,839
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,102,444</u>	<u>\$ 640,357</u>

b. Changes in Long-Term Liabilities

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchases	\$ 11,892	\$ -	\$ 11,892	\$ -	\$ -
Compensated absences	1,379	5,751	-	7,130	7,130
Net pension liability (LGERS)	63,543	20,354	-	83,897	-
Total pension liability (LEO)	9,402	14,523	-	23,925	-
OPEB liability	254,656	-	18,173	236,483	-
Total governmental	<u>\$ 340,872</u>	<u>\$ 40,628</u>	<u>\$ 30,065</u>	<u>\$ 351,435</u>	<u>\$ 7,130</u>
<b>Business-type activities:</b>					
<b>Electric Fund</b>					
Compensated absences	\$ 2,282	\$ 8,630	\$ -	\$ 10,912	\$ 10,912
Net pension liability (LGERS)	57,491	18,416	-	75,907	-
OPEB liability	248,289	-	17,717	230,572	-
	<u>308,062</u>	<u>27,046</u>	<u>17,717</u>	<u>317,391</u>	<u>10,912</u>
<b>Water and Sewer Fund</b>					
Compensated absences	\$ 901	\$ 730	\$ -	\$ 1,631	\$ 1,631
Net pension liability (LGERS)	30,259	9,692	-	39,951	-
OPEB liability	133,694	-	9,540	124,154	-
Notes payable	1,127,534	-	25,090	1,102,444	25,881
	<u>1,292,388</u>	<u>10,422</u>	<u>34,630</u>	<u>1,268,180</u>	<u>27,512</u>
Total business-type	<u>\$ 1,600,450</u>	<u>\$ 37,468</u>	<u>\$ 52,347</u>	<u>\$ 1,585,571</u>	<u>\$ 38,424</u>
Total long-term liabilities	<u>\$ 1,941,322</u>	<u>\$ 78,096</u>	<u>\$ 82,412</u>	<u>\$ 1,937,006</u>	<u>\$ 45,554</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8.00% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Black Creek is \$2,472,787.

C. 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	\$ 241,455
Less:	
Stabilization by State Statute	(37,713)
Streets - Powell Bill	(93,642)
Remaining Fund Balance	<u>\$ 110,100</u>

#### D. Interfund Balances (Activity)

As a result of operating expenditures paid on behalf of the General Fund, the Water and Sewer Fund and Electric Funds show interfund receivables of \$21,628 and \$96,444, respectively. The General Fund has an interfund payable of \$118,072. As a result of operating expenditures paid on behalf of the Electric Fund, the Water and Sewer Fund shows an interfund receivable of \$24,804. The Electric Fund shows an interfund payable of \$24,804.

#### IV. Summary Disclosure of Significant Contingencies

##### Federal and State Assisted Programs

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

#### V. Significant Effects of Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2020 and August 23, 2025, which is the date the financials were available to be issued, for possible recognition or disclosure in the financial statements. The following events occurred during this time that were deemed to be significant enough to be disclosed:

- July 2021 - the Town entered into an option agreement to purchase property on Hwy 117. The option fee was \$500. This option was extended for \$500 in December 2021. The exercise of the option and purchase was approved in May 2022 for \$110,000.
- The Town received \$245,397 in ARPA money. This was received in 2 installments of \$122,699 in August 2021 and August 2022.
- October 2021 - The fire department building was purchased for \$50,000 after the lease was released.
- September 2022 - the Town adopted a resolution for Infrastructural Grant for Groundwater Storage Tank on Carr Road and Booster Pump. The NC DEQ Viable Utility Reserve Grant from ARPA was awarded in March 2023 and received in June 2023 for \$1,723,250.
- February 2023 - the Town approved a contract with the County for patrol services which was executed in April 2023 and effective for 7/1/2023 for \$277,500 for the fiscal year.
- May 2023 - the Town entered into an option to purchase property for a well site. The future purchase of the property will be \$54,945.
- November 2024 – the Town executed an agreement with Wilson County to be a subrecipient of Wilson County’s ARPA funding for a water plant expansion and building an additional well.

## **Required Supplementary Financial Data**

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This section contains additional information required by generally accepted accounting principles.

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- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Schedule of Changes in the Total OPEB Liability
- Schedule of Town Contributions – Retiree Health Benefit Fund

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

**Local Government Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Black Creek's proportion of the net pension liability (asset) - %	0.00554%	0.00554%	0.00497%	0.00633%	0.00559%	0.00507%	0.00566%	0.00570%
Black Creek's proportion of the net pension liability (asset) - \$	\$ 199,755	\$ 151,293	\$ 117,905	\$ 96,705	\$ 118,639	\$ 22,754	\$ (33,380)	\$ 68,707
Black Creek's covered-employee payroll	\$ 360,421	\$ 412,868	\$ 410,509	\$ 383,300	\$ 383,300	\$ 371,983	\$ 340,600	\$ 323,213
Black Creek's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.42%	36.64%	28.72%	25.23%	30.95%	6.12%	(9.80%)	21.26%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	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 participants employers in the LGERS plan.

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

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

**Town of Black Creek, North Carolina  
Town of Black Creek's Contribution  
Required Supplementary Information  
Last Eight Fiscal Years**

**Local Government Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 37,764	\$ 37,746	\$ 32,737	\$ 27,627	\$ 28,451	\$ 23,686	\$ 26,759	\$ 24,268
Contributions in relation to the contractually required contribution	<u>37,764</u>	<u>37,746</u>	<u>32,737</u>	<u>27,627</u>	<u>28,451</u>	<u>23,686</u>	<u>26,759</u>	<u>24,268</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Black Creek's covered-employee payroll	\$ 360,421	\$ 412,868	\$ 410,509	\$ 359,557	\$ 383,300	\$ 349,391	\$ 371,983	\$ 340,600
Contributions as a percentage of covered-employee payroll	10.48%	9.14%	7.97%	7.68%	7.42%	6.78%	7.19%	7.13%

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

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

**Town of Black Creek, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Five Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 9,402	\$ 6,121	\$ 5,461	\$ 4,559	\$ 4,005
Service cost	1,590	1,499	641	534	597
Interest on the total pension liability	307	223	173	176	143
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	101	1,081	234	(348)	-
Changes of assumptions or other inputs	12,525	478	(388)	540	(186)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 23,925</u>	<u>\$ 9,402</u>	<u>\$ 6,121</u>	<u>\$ 5,461</u>	<u>\$ 4,559</u>

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

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

**Town of Black Creek, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Five Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 23,925	\$ 9,402	\$ 6,121	\$ 5,461	\$ 4,559
Covered-employee payroll	101,842	125,470	93,128	84,711	38,205
Total pension liability as a percentage of covered-employee payroll	23.49%	7.49%	6.57%	6.45%	11.93%

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

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

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

**Town of Black Creek, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Last Five Fiscal Years\***

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Board's proportion of the net OPEB liability (asset) - %	0.00213%	0.00201%	0.00182%	0.00235%	0.17200%
Board's proportionate share of the net pension liability (asset) - \$	\$ 591,209	\$ 636,639	\$ 519,675	\$ 771,058	\$ 749,922
Board's covered payroll	\$ 360,421	\$ 412,868	\$ 410,509	\$ 359,557	\$ 383,300
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	164.03%	154.20%	126.59%	214.45%	195.65%
Plan fiduciary net position as a percentage of the total OPEB liability**	6.92%	4.40%	4.40%	3.52%	2.41%

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

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

**Town of Black Creek, North Carolina  
Schedule of Town Contributions  
Retiree Health Benefit Fund  
Last Five Fiscal Years\***

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution	\$ 24,508	\$ 26,713	\$ 25,739	\$ 21,755	\$ 22,272
Contributions in relation to the contractually required contribution	<u>24,508</u>	<u>26,713</u>	<u>25,739</u>	<u>21,755</u>	<u>22,272</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Black Creek's covered-employee payroll	\$ 360,421	\$ 412,868	\$ 410,509	\$ 359,557	\$ 383,300
Contributions as a percentage of covered payroll	6.80%	6.47%	6.27%	6.05%	5.81%

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

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

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## **Individual Fund Statements and Schedules**

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		169,690	
Penalties and interest		702	
Total	\$ 164,500	\$ 170,392	\$ 5,892
Other taxes and licenses:			
Zoning fees	400	270	(130)
Unrestricted intergovernmental:			
Local option sales taxes		76,383	
Utility sales tax		45,375	
Beer and wine tax		3,216	
Total	100,000	124,974	24,974
Restricted intergovernmental:			
Powell Bill allocation		19,408	
FEMA Grant		-	
Solid waste disposal tax		576	
Total	21,500	19,984	(1,516)
Sales and services:			
Garbage and recycling fees		45,803	
Rental revenue		3,858	
Cemetery lot sales		5,900	
Total	54,000	55,561	1,561
Investment earnings	900	3,243	2,343
Miscellaneous:			
Heritage Day contributions		335	
Other		6,739	
Total	14,500	7,074	(7,426)
Total revenues	355,800	381,498	25,698

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures:</b>			
General government:			
Administration:			
Salaries and employee benefits		9,906	
Professional services		8,663	
Insurance		4,996	
Repairs and maintenance		17,077	
Supplies		2,390	
Telephone and postage		838	
Election expenses		-	
Other operating expenditures		6,156	
Total general government	75,700	50,026	25,674
Public safety:			
Police:			
Salaries and employee benefits		150,212	
Insurance		9,380	
Repairs and maintenance		3,715	
Supplies		3,337	
Telephone and postage		731	
Vehicle operations		7,442	
Other operating expenditures		3,128	
Total public safety	261,900	177,945	83,955
Transportation			
Streets:			
Salaries and employee benefits		52,696	
Insurance		2,455	
Landfill		26,383	
Repairs and maintenance		8,124	
Supplies		2,777	
Telephone and postage		991	
Other operating expenditures		12,285	
Capital outlay		6,360	
Total transportation	125,700	112,071	13,629

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Environmental protection:			
Cemetery:			
Salaries and employee benefits		21,077	
Supplies		125	
Vehicle maintenance		112	
Total environmental protection	22,025	21,314	711
Culture and recreation:			
Parks and recreation			
Harvest Day Festival		2,709	
Capital outlay		935	
Total culture and recreation	13,000	3,644	9,356
Debt service:			
Principal retirement		11,892	
Interest and other charges		2,901	
Total debt service	16,500	14,793	1,707
Total expenditures	514,825	379,793	135,032
Revenues over (under) expenditures	(159,025)	1,705	160,730
Other financing sources (uses)			
Operation transfers to/from other funds			
Transfer from electric fund	159,025	-	(159,025)
Total	159,025	-	(159,025)
Net change in fund balance	\$ -	1,705	\$ 1,705
Fund balance, beginning		239,750	
Fund balance, ending		\$ 241,455	

**Town of Black Creek, North Carolina Electric Fund**  
**Statement of Revenues, Expenditures and Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Charges for services:			
Charges for electricity	\$ 1,500,000	\$ 1,454,552	(45,448)
Penalties	40,000	41,430	1,430
Total	<u>1,540,000</u>	<u>1,495,982</u>	<u>(44,018)</u>
Other operating revenues	3,000	6,096	3,096
Total operating revenues	<u>1,543,000</u>	<u>1,502,078</u>	<u>(40,922)</u>
Non-operating revenues:			
Miscellaneous projects	130,000	91,736	(38,264)
Interest on investments	2,000	4,452	2,452
Total non-operating revenues	<u>132,000</u>	<u>96,188</u>	<u>(35,812)</u>
Total revenues	<u>1,675,000</u>	<u>1,598,266</u>	<u>(76,734)</u>
Operating expenses other than depreciation:			
Electrical operations:			
Salaries and employee benefits	272,500	236,543	35,957
Professional services	35,000	20,003	14,997
Insurance	20,000	19,979	21
Supplies, repairs, and maintenance	95,500	92,038	3,462
Telephone and postage	6,000	6,000	-
Vehicle operations	20,000	15,631	4,369
Purchase of electric power	700,000	685,646	14,354
Other operating expenditures	354,975	136,417	218,558
Total	<u>1,503,975</u>	<u>1,212,257</u>	<u>291,718</u>
Capital outlay:			
Equipment and systems	12,000	-	12,000
Total expenditures	<u>1,515,975</u>	<u>1,212,257</u>	<u>303,718</u>
Revenues over (under) expenditures	<u>159,025</u>	<u>386,009</u>	<u>226,984</u>
Other financing sources (uses)			
Net position appropriated			
Transfer to general fund	<u>(159,025)</u>	<u>-</u>	<u>159,025</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 386,009</u>	<u>\$ 386,009</u>

**Town of Black Creek, North Carolina Electric Fund**  
**Statement of Revenues, Expenditures and Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

Reconciliation from budgetary basis (modified accrual) to full accrual basis	
Revenues over (under) expenditures	\$ 386,009
Reconciling items:	
(Increase) decrease in vacation pay accrual	(8,630)
Increase (decrease) in deferred outflows of resources - pensions	4,926
Increase (decrease) in deferred outflows of resources - OPEB	(8,797)
(Increase) decrease in net pension liability	(18,416)
(Increase) decrease in OPEB liability	17,717
(Increase) decrease in deferred inflows of resources - pensions	684
(Increase) decrease in deferred inflows of resources - OPEB	(483)
Loss on disposal/transfer of capital assets	(675)
Depreciation	(50,021)
Total reconciling items	<u>(63,695)</u>
Change in net position	<u>\$ 322,314</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues:			
Charges for services:			
Water and sewer charges	\$ 1,075,000	\$ 1,098,226	23,226
Water and sewer taps	2,000	3,072	1,072
Total	<u>1,077,000</u>	<u>1,101,298</u>	<u>24,298</u>
Other operating revenues	500	1,857	1,357
Total operating revenues	<u>1,077,500</u>	<u>1,103,155</u>	<u>25,655</u>
Non-operating revenues:			
Interest on investments	1,500	31,585	30,085
Total revenues	<u>1,079,000</u>	<u>1,134,740</u>	<u>55,740</u>
Operating expenses other than depreciation:			
Water and sewer operations			
Salaries and employee benefits	140,800	137,365	3,435
Professional services	16,000	10,983	5,017
Insurance	10,000	9,666	334
Repairs and maintenance	83,500	48,285	35,215
Supplies	46,500	29,367	17,133
Telephone and postage	6,000	5,106	894
Vehicle operations	15,000	8,523	6,477
Waste collection and treatment	312,000	266,294	45,706
Other operating expenditures	384,912	14,460	370,452
Total	<u>1,014,712</u>	<u>530,049</u>	<u>484,663</u>
Debt service:			
Principal retirement	24,330	25,090	(760)
Interest and other charges	39,958	39,198	760
Total	<u>64,288</u>	<u>64,288</u>	<u>-</u>
Total expenditures	<u>1,079,000</u>	<u>594,337</u>	<u>484,663</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 540,403</u>	<u>\$ 540,403</u>

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

Reconciliation from budgetary basis (modified accrual) to full accrual basis	
Revenues over (under) expenditures	\$ 540,403
Reconciling items:	
(Increase) decrease in vacation pay accrual	(730)
(Increase) decrease in interest expense accrual	230
Increase (decrease) in deferred outflows of resources - pensions	2,593
Increase (decrease) in deferred outflows of resources - OPEB	(4,737)
(Increase) decrease in net pension liability	(9,692)
(Increase) decrease in OPEB liability	9,540
(Increase) decrease in deferred inflows of resources - pensions	360
(Increase) decrease in deferred inflows of resources - OPEB	(259)
Principal retirement of debt	25,090
Depreciation	(166,514)
Total reconciling items	<u>(144,119)</u>
Change in net position	<u>\$ 396,284</u>

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## **Other Schedules**

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This section contains additional information required on property taxes.

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

**Town of Black Creek, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 170,004 (a)	\$ 166,416 (b)	\$ 3,588 (c)
2019-2020	4,826	-	2,840	1,986
2018-2019	2,124	-	270	1,854
2017-2018	1,801	-	113	1,688
2016-2017	1,426	-	271	1,155
2015-2016	470	-	-	470
2014-2015	87	-	-	87
2013-2014	210	-	-	210
2012-2013	410	-	-	410
2011-2012	96	-	-	96
2010-2011	214	-	214	-
	<u>\$ 11,664</u>	<u>\$ 170,004</u>	<u>\$ 170,124 (d)</u>	<u>\$ 11,544</u>
Less: allowance for uncollectible accounts: General Fund				<u>-</u>
Ad valorem taxes receivable - net				\$ 11,544
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 170,612
Reconciling items:				
Taxes written off and released				214
Penalties and interest collected				<u>(702)</u>
Total collections and credits				<u>\$ 170,124</u>

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

	Town-Wide		Total Levy	Total Levy	
	Property Valuation	Rate		Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 28,990,182	\$ 0.55	\$ 159,446	\$ 131,290	\$ 28,156
Penalties	-		-	-	-
Total	28,990,182		159,446	131,290	28,156
Discoveries:					
Current year taxes	1,919,651	0.55	10,558	10,612	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	1,919,651		10,558	10,612	-
Abatements	-	0.55	-	-	-
Total property valuation	\$ 30,909,833				
Net levy			170,004	141,902	28,156
Uncollected taxes at June 30, 2021			(3,588)	(3,588)	-
Current year's taxes collected			166,416	138,314	28,156
Current levy collection percentage			97.89%	97.47%	100.00%

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## **Compliance Section**

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**Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance and  
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With  
Government Auditing Standards**

To the Honorable Mayor and Town Commissioners  
Black Creek, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Black Creek, 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 of Black Creek's basic financial statements, and have issued our report thereon dated September 5, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-002 and 2021-003 to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **Town of Black Creek, North Carolina's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Black Creek's responses to the findings identified in our audit are described previously in the accompanying schedule of findings and responses. The Town of Black Creek's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Nunn, Brashear, & Uzzell, P.A.*

Goldsboro, North Carolina

September 5, 2025



**Town of Black Creek**  
**Schedule of Findings and Responses**  
For the Fiscal Year Ended June 30, 2021

**II. Financial Statement Findings**

**Material Weaknesses**

**Finding 2021-001 (repeat) Timely Bank Reconciliations**

Criteria: All bank accounts should be reconciled monthly. Timely bank reconciliations is crucial as it ensures accurate financial records, helps detect and prevent fraud, and facilitates better cash flow management.

Condition: The Town continues to be behind on timely reconciliation of bank accounts. In December, 2024, the newly hired 3rd party Certified Public Accountant (CPA) firm discovered that the bank accounts for the fiscal years ending June 30, 2020 through June 30, 2024 were not completed and immediately began the reconciliation of the accounts in order to prepare a trial balances for late audit. The newly hired 3rd Party CPA firm has updated bank reconciliations through June, 2024.

Effect: By reconciling bank statements timely with internal records, discrepancies can be identified and corrected quickly, decisions regarding NC escheating requirements can be made, and financial decisions become more accurate.

Cause: The Town's previous 3rd party CPA firm failed to adjust the financial records. This affects the accuracy and reliability of financial records.

Recommendation: In December, 2024, the Town has hired a new 3rd party CPA firm to assist the staff with monthly adjustments, the year-end audit process, and ongoing training of the current Finance Office staff. The 3rd party CPA firm has updated all bank accounts through June 30, 2024. The 3rd party CPA is working on 2024-2025 fiscal year bank reconciliations and expects to be current on all reconciliations by calendar year-end 2025.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and has begun the appropriate actions to correct this weakness.

**Significant Deficiencies**

**Finding 2021-002 (repeat) Statutory Findings**

Criteria: The Town is required to comply with the North Carolina (NC) General Statutes. The Town violated several NC General Statutes for the fiscal year.

Condition: The Town had the following statutory violations related to the fiscal year-end audit.

The Town did not ensure the completion of a timely audit for the fiscal year ended June 30, 2021.

The Town failed to deposit funds on a daily basis.

Effect: The Town is not in compliance with General Statute 159 of the Local Government Budget and Fiscal Control Act.

**Town of Black Creek**  
**Schedule of Findings and Responses**  
For the Fiscal Year Ended June 30, 2021

Cause: The Town was unable to close its records and timely prepare for an audit. Additionally, the Town did not deposit funds on a daily basis.

Recommendation: The Town has hired a 3rd party CPA firm committed to assisting the Town in financial reporting, compliance with statutory items, and improving internal controls. The daily deposit of funds has been corrected in the 2024-2025 fiscal year.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and has taken appropriate action to correct these items in order to comply with NC General Statutes.

**Finding 2021-003 (repeat) Segregation of Duties**

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization, recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Town personnel. This is especially a concern in the cash management, account receivable, purchasing, and payroll functions.

Effect: Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will take appropriate action to segregate duties to the amount economically feasible.

**Town of Black Creek**  
**Summary Schedule of Prior Audit Findings**  
For the Fiscal Year Ended June 30, 2021

**Finding 2020-001 Timely Bank Reconciliations**

This finding has not been corrected and will be repeated through the 2024-2025 fiscal year.

**Finding 2020-002 Accounting Procedures/Material Misstatements**

This finding has been corrected.

**Finding 2020-003 Statutory Findings**

This finding has been partially corrected:

Budget amendments were sufficient for the 2020-2021 fiscal year.

The LGC-203 Cash and Investment Report was correctly prepared for the 2020-2021 fiscal year.

**Finding 2020-004 Segregation of Duties**

This finding has not been corrected.

**Corrective Action Plan**  
**Financial Statement Findings**  
**June 30, 2021 Statements**

**Finding 2021-001 Timely Bank Reconciliations**

**Name of Contact Person:** Cindy Dougherty

**Corrective Action:** In December 2024, the Town hired a 3<sup>rd</sup> party CPA to assist the staff with monthly adjustments, the year-end audit process, and ongoing training of the current Finance Office staff. To date the bank reconciliation for main checking has been completed through 6/30/25 with only a few reconciling items to be researched. The goal is to have the bank reconciliations current by August 31, 2025

**Proposed Completion Date:** August 31, 2025.

**Finding 2021-002 Statutory Findings**

**Name of Contact Person:** Cindy Dougherty

**Corrective Action:** In December 2024, the Town hired a 3<sup>rd</sup> party CPA to assist the staff with the year-end audit process. Since that time the June 30, 2020, and the June 30, 2021 audits have been completed and staff, along with the 3<sup>rd</sup> party bookkeeper, are working on preparing records for the June 30, 2022 audit. Reconciliations are being done to get all records current through Fiscal Year 2025 year-end to be ready for each subsequent audit as quickly as timing on audit firm's schedule allows. The Town is currently making daily deposits.

**Proposed Completion Date:** December 31, 2025.

**Finding 2021-003 Segregation of Duties**

**Name of Contact Person:** Cindy Dougherty

**Corrective Action:** In December 2024, the Town hired a 3<sup>rd</sup> party CPA to assist the staff with the bank reconciliation process. The 3<sup>rd</sup> party CPA will review transactions and match those transactions to the bank statement and prepare the monthly bank reconciliations. Due to the small size of the town the ability to segregate duties is limited. To the extent possible the Town will delegate finance duties among staff, the elected officials, and the 3<sup>rd</sup> party CPA.

**Proposed Completion Date:** July 1, 2025.