

**TOWN OF BLADENBORO, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2021**

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BOARD OF TOWN COUNCIL

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John Bowen - Commissioner

Greg Sykes – Commissioner

Sarah Benson – Commissioner

Jeff Atkinson – Commissioner

Stephanie Thurman - Commissioner

Lisa Levy – Commissioner

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TOWN ADMINSTRATOR

Oryan D. Lowry

TOWN CLERK/FINANCE OFFICER

Melanie Hester

TAX COLLECTOR

Pamela Bowen

ATTORNEY

Maynard Law Firm

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## Financial Section



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### **Independent Auditor's Report**

To the Honorable Mayor  
and Members of the Town Council  
Bladenboro, 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 Bladenboro, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

#### ***Opinions***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset/(Liability) and Contributions on pages 43 and 44, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 45 and 46 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 Bladenboro, North Carolina. The combining and individual fund statements, budgetary schedules and other, are presented for purposes 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the 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 November 10, 2021 on our consideration of Town of Bladenboro'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bladenboro's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., P.A.*

Elizabethtown, North Carolina

November 10, 2021

**Town of Bladenboro**  
Management's Discussion and Analysis

As management of the Town of Bladenboro, we offer readers of the Town of Bladenboro's financial statements this narrative overview and analysis of the financial activities of the Town of Bladenboro 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 Bladenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,700,100 (net position).
- The government's total net position increased by \$114,000 primarily due to the decrease in the governmental type activity's net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,115,753 a decrease of \$135,821. Approximately 35 percent of this total amount or \$386,528 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$385,375, or 22.2 percent of the total general fund expenditures for the fiscal year.
- The Town of Bladenboro's total debt increased by \$12,443 during the current fiscal year. The key factor in this change was newly issued installment purchase debt exceeding scheduled debt payments and increase in pension obligations.

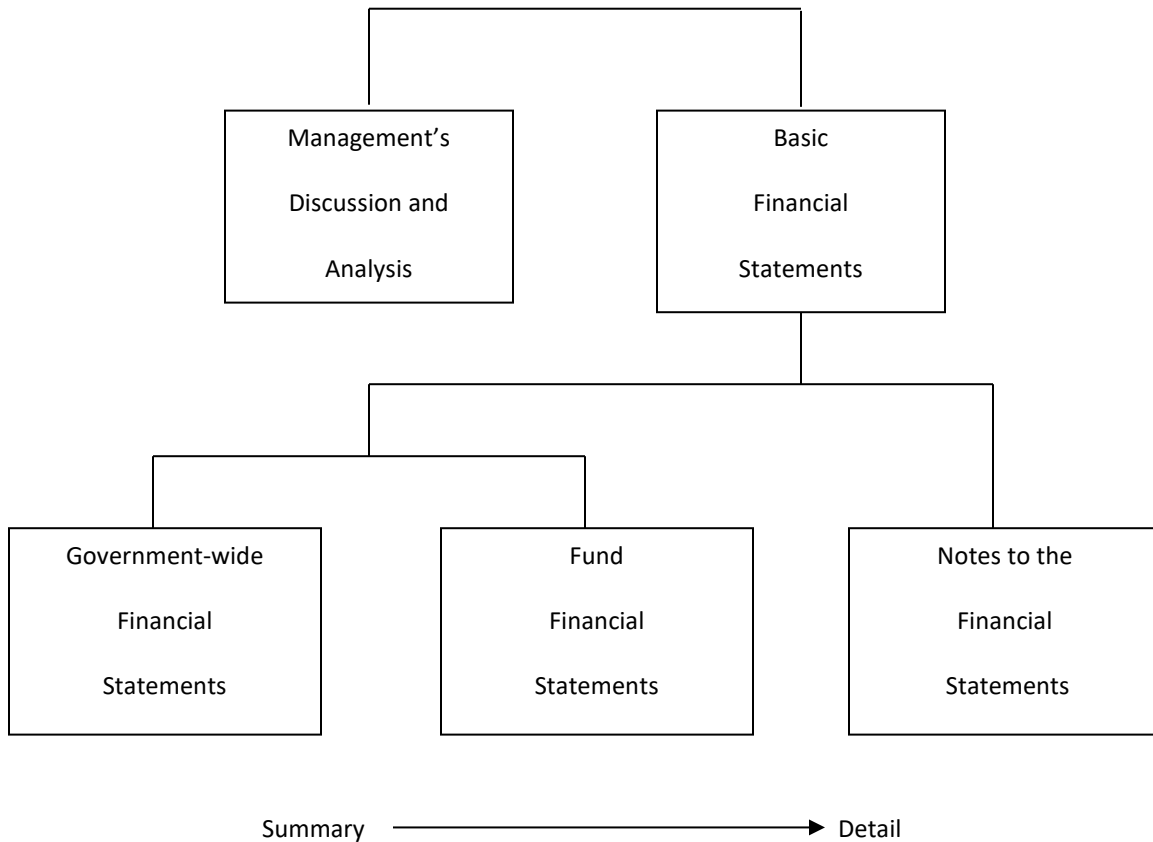
**Overview of the Financial Statements**

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



## 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's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

## Government-Wide Financial Statements

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

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

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

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

## Fund Financial Statements

The fund financial statements (see Figure 1) 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 Bladenboro, 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 Bladenboro 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 of Bladenboro's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21-42 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 Bladenboro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 43 of this report

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

#### Government-Wide Financial Analysis

Town of Bladenboro's Net Position  
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,343,167	\$ 1,454,173	\$ 932,236	\$ 765,882	\$ 2,275,403	\$ 2,220,055
Capital assets	3,242,082	3,198,313	6,850,636	6,806,259	10,092,718	10,004,572
Total assets	<u>4,585,249</u>	<u>4,652,486</u>	<u>7,782,872</u>	<u>7,572,141</u>	<u>12,368,121</u>	<u>12,224,627</u>
Deferred outflows of resources	<u>277,367</u>	<u>242,870</u>	<u>30,410</u>	<u>34,989</u>	<u>307,777</u>	<u>277,859</u>
Current and other liabilities	105,703	88,075	109,519	129,182	215,222	217,257
Long-term liabilities						
Due within one year	85,978	78,029	8,101	8,770	94,079	86,799
Due in more than one year	1,547,208	1,532,446	57,928	67,529	1,605,136	1,599,975
Total liabilities	<u>1,738,889</u>	<u>1,698,550</u>	<u>175,548</u>	<u>205,481</u>	<u>1,914,437</u>	<u>1,904,031</u>
Deferred inflows of resources	<u>57,476</u>	<u>10,908</u>	<u>3,885</u>	<u>1,447</u>	<u>61,361</u>	<u>12,355</u>
<b>Net Position</b>						
Net investment in capital	2,081,469	2,005,907	6,850,636	6,806,259	8,932,105	8,812,166
Restricted	386,528	234,199	-	-	386,528	234,199
Unrestricted	598,254	945,792	783,213	593,943	1,381,467	1,539,735
Total net position	<u>\$ 3,066,251</u>	<u>\$ 3,185,898</u>	<u>\$ 7,633,849</u>	<u>\$ 7,400,202</u>	<u>\$ 10,700,100</u>	<u>\$ 10,586,100</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Bladenboro exceeded liabilities and deferred inflows by \$10,700,100 as of June 30, 2021. The Town's net position increased by \$114,000 for the fiscal year ended June 30, 2021. However, the largest portion \$8,932,105 (83%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Bladenboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the

outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$386,528 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,381,467 (13%) is unrestricted.

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

- A tax collection percentage of 91.78%, which is less than the statewide average of 98.00%.
- Town received a grant funding for site preparation for land that will be used for economic development and grant funding for water and sewer project.

**Town of Bladenboro's Changes in Net Position**  
**Figure 3**

	Governmental Funds		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 308,257	\$ 287,353	\$ 613,832	\$ 676,021	\$ 922,089	\$ 963,374
Operating Grants & Contributions	305,384	521,288	-	-	305,384	521,288
Capital Grants & Contributions	-	-	256,246	148,340	256,246	148,340
<b>General Revenue</b>						
Property Taxes	580,609	571,864	-	-	580,609	571,864
Other Taxes	6,263	5,892	-	-	6,263	5,892
Grants and contributions not restricted to specific programs	360,487	329,427	-	-	360,487	329,427
Investment Earnings	1,150	3,118	223	967	1,373	4,085
Other	47,725	72,708	5,840	5,840	53,565	78,548
<b>Total Revenues</b>	<u>1,609,875</u>	<u>1,791,650</u>	<u>876,141</u>	<u>831,168</u>	<u>2,486,016</u>	<u>2,622,818</u>
<b>Expenses</b>						
General Government	478,521	280,067	-	-	478,521	280,067
Public Safety	633,723	497,435	-	-	633,723	497,435
Transportation	264,082	390,496	-	-	264,082	390,496
Environmental Protection	125,002	120,302	-	-	125,002	120,302
Cultural and Recreation	184,099	26,825	-	-	184,099	26,825
Interest on Long-Term Debt	44,095	28,099	-	-	44,095	28,099
Water and Sewer Fund	-	-	642,494	731,465	642,494	731,465
<b>Total Expenses</b>	<u>1,729,522</u>	<u>1,343,624</u>	<u>642,494</u>	<u>731,465</u>	<u>2,372,016</u>	<u>2,075,089</u>
<b>Increase in Net Position before Transfers</b>	<u>(119,647)</u>	<u>448,026</u>	<u>233,647</u>	<u>99,703</u>	<u>114,000</u>	<u>547,729</u>
<b>Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase(Decrease) in Net Position</b>	<u>(119,647)</u>	<u>448,026</u>	<u>233,647</u>	<u>99,703</u>	<u>114,000</u>	<u>547,729</u>
<b>Net Position, beginning</b>	<u>3,185,898</u>	<u>2,737,872</u>	<u>7,400,202</u>	<u>7,300,499</u>	<u>10,586,100</u>	<u>10,038,371</u>
<b>Net Position, ending</b>	<u>\$ 3,066,251</u>	<u>\$ 3,185,898</u>	<u>\$ 7,633,849</u>	<u>\$ 7,400,202</u>	<u>\$ 10,700,100</u>	<u>\$ 10,586,100</u>

**Governmental activities:** Governmental activities decreased the Town's net position by \$119,647. Key element of this decrease are as follows:

- Town paid out \$150,000 for its local match for a park capital project.

**Business-type activities:** Business-type activities refer to the Water/Sewer Fund and increased the Town of Bladenboro's net position by \$233,647. Key element of this increase are as follows:

- Town received a grant to fund a capital project.

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

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

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

The general fund is the chief operating fund of the Town of Bladenboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$385,375 while total fund balance reached \$1,102,681. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 22.2% of the total General Fund expenditures. Total fund balance represents 63.5% of that same amount.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$1,115,753 with a 11% decrease over last year. Included in this change in fund balance is an increase in fund balance of the General Fund.

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

Revenues were more than the budgeted amounts primarily because revenue was budgeted conservatively, as were the expenditures. The Town was able to comply with its budgetary requirements.

**Proprietary Funds.** The Town of Bladenboro's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$783,213. The increase in net position for this fund was \$233,647. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Bladenboro's business-type activities.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Bladenboro's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$10,092,718 (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 additions (there were no significant demolitions or disposals):

- Down payment of a fire truck.
- Water and Sewer capital project.

**Town of Bladenboro's Capital Assets  
(net of depreciation)**

**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Construction in Progress	\$ 626,979	\$ 471,979	\$ 466,358	\$ 487,358	\$ 1,093,337	\$ 959,337
Buildings and Other Improvements	2,241,872	2,293,959	-	-	2,241,872	2,293,959
Plant and Distribution	-	-	6,362,630	6,311,577	6,362,630	6,311,577
Equipment	136,282	184,443	1,901	3,801	138,183	188,244
Vehicles	233,429	243,532	19,747	3,523	253,176	247,055
Infrastructure	3,520	4,400	-	-	3,520	4,400
	<u>\$ 3,242,082</u>	<u>\$ 3,198,313</u>	<u>\$ 6,850,636</u>	<u>\$ 6,806,259</u>	<u>\$ 10,092,718</u>	<u>\$ 10,004,572</u>

Additional information on the Town's capital assets can be found in notes beginning on page 29 of this report.

**Long-term Debt.** As of June 30, 2021, the Town of Bladenboro had no bonded debt outstanding.

**Town of Bladenboro's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Placement						
Installment Purchase	\$ 1,137,537	\$ 1,158,484	\$ -	\$ -	\$ 1,137,537	\$ 1,158,484
Capital Leases	23,076	33,922	-	-	23,076	33,922
Net Pension Liability - LGERS	197,611	174,916	52,529	58,305	250,140	233,221
Net Pension Liability - LEO	241,981	215,949	-	-	241,981	215,949
Compensated Absences	32,981	27,203	13,500	17,993	46,481	45,196
	<u>\$ 1,633,186</u>	<u>\$ 1,610,474</u>	<u>\$ 66,029</u>	<u>\$ 76,298</u>	<u>\$ 1,699,215</u>	<u>\$ 1,686,772</u>

**Town of Bladenboro's Outstanding Debt**

The Town of Bladenboro's General Fund debt increased by \$12,443 due to newly acquired installment purchase debt exceeding regular scheduled debt payments and increase in pension obligations.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The Town of Bladenboro's legal debt margin is \$6,107,025.

Additional information regarding the Town of Bladenboro's long-term debt can be found in the notes beginning on page 39 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

For the upcoming year, management does not expect any surge of new development within the Town.

Due to Bladenboro's size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews the County of Bladen's economic conditions to monitor for effects on the economy of the Town.

The economy appears to be on the upswing with new industries relocating to the industrial park that will increase tax base and water and sewer service revenue.

The property tax rate for the Town is not expected to change for the coming budget year.

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

**Governmental Activities:** Property taxes will remain the same and garbage collection rates will increase 3.1% for 2021-2022. General Fund expenditures have been budgeted accordingly with only a small increase from the 2019-2021 Budget. The Town will continue its commitment to reducing the cost of delivering services.

The Town will begin the parks and recreation capital project utilizing grant funds from PARTF.

**Business - type Activities:** The water and sewer rates in the Town will increase by 3.5%.

### **Requests for Information**

This report is designed to provide an overview of the Town of Bladenboro's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the attention of Town Clerk, Town of Bladenboro, P.O. Box 455, N.C. 28320. You may also call 910-863-3655.

## Basic Financial Statements



## Statement of Net Position

June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash & cash equivalents	\$ 841,953	\$ 694,909	\$ 1,536,862
Restricted cash	42,916	89,718	132,634
Taxes receivable (Net)	151,504	-	151,504
Accounts Receivable (Net)	40,732	143,609	184,341
Due from other governments	266,062	-	266,062
Inventories	-	4,000	4,000
Total current assets	<u>1,343,167</u>	<u>932,236</u>	<u>2,275,403</u>
Non-current Assets:			
Capital Assets:			
Land and nondepreciable improvements	626,979	466,358	1,093,337
Other capital assets, net of depreciation	<u>2,615,103</u>	<u>6,384,278</u>	<u>8,999,381</u>
Total capital assets	<u>3,242,082</u>	<u>6,850,636</u>	<u>10,092,718</u>
Total Assets	<u>4,585,249</u>	<u>7,782,872</u>	<u>12,368,121</u>
<b>Deferred Outflows of Resources:</b>			
Pension Deferrals	277,367	30,410	307,777
<b>Liabilities</b>			
Current liabilities:			
Accounts Payable and Accrued Liabilities	70,679	19,801	90,480
Accrued Interest	35,024	-	35,024
Current Portion of Long-Term Liabilities	68,521	-	68,521
Compensated Absences	17,457	8,101	25,558
Payable From Restricted Assets	-	89,718	89,718
Long-term Liabilities:			
Net Pension Liability-LGERS	197,611	52,529	250,140
Total Pension Liability-LEO	241,981	-	241,981
Due in More Than One Year	<u>1,107,616</u>	<u>5,399</u>	<u>1,113,015</u>
Total liabilities	<u>1,738,889</u>	<u>175,548</u>	<u>1,914,437</u>
<b>Deferred Inflows of Resources</b>			
Prepaid Taxes	5,231	-	5,231
Pension Deferrals	<u>52,245</u>	<u>3,885</u>	<u>56,130</u>
Total Deferred Inflows of Resources	<u>57,476</u>	<u>3,885</u>	<u>61,361</u>
<b>Net Position</b>			
Net Investments in Capital Assets	2,081,469	6,850,636	8,932,105
Restricted for:			
Stabilization by State Statute	306,894	-	306,894
Transportation	42,916	-	42,916
Debt Service	36,718	-	36,718
Unrestricted	<u>598,254</u>	<u>783,213</u>	<u>1,381,467</u>
Total Net Position	<u>\$ 3,066,251</u>	<u>\$ 7,633,849</u>	<u>\$ 10,700,100</u>

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 478,521	\$ 26,189	\$ 216,539	\$ -	\$ (235,793)	\$ -	\$ (235,793)
Public Safety	633,723	90,562	35,613	-	(507,548)	-	(507,548)
Transportation	264,082	-	51,951	-	(212,131)	-	(212,131)
Environmental Protection	125,002	190,439	1,281	-	66,718	-	66,718
Cultural and Recreation	184,099	1,067	-	-	(183,032)	-	(183,032)
Interest on Long-Term Debt	44,095	-	-	-	(44,095)	-	(44,095)
Total Governmental Activities	1,729,522	308,257	305,384	-	(1,115,881)	-	(1,115,881)
Business-Type Activities:							
Water and Sewer Fund	642,494	613,832	-	256,246	-	227,584	227,584
Total Business-Type Activities	642,494	613,832	-	256,246	-	227,584	227,584
Total Primary Government	\$ 2,372,016	\$ 922,089	\$ 305,384	\$ 256,246	(1,115,881)	227,584	(888,297)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					580,609	-	580,609
Other taxes					6,263	-	6,263
Grants and contributions not restricted to specific programs					360,487	-	360,487
Unrestricted investment earnings					1,150	223	1,373
Miscellaneous					47,725	5,840	53,565
Total general revenues not including transfers					996,234	6,063	1,002,297
Transfers					-	-	-
Total general revenues and transfers					996,234	6,063	1,002,297
Change in net position					(119,647)	233,647	114,000
Net position - Beginning					3,185,898	7,400,202	10,586,100
Net position - Ending					\$ 3,066,251	\$ 7,633,849	\$ 10,700,100

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

**Balance Sheet**  
**Governmental Funds**  
June 30, 2021

	Major Funds		Non-Major Funds	Total Governmental Funds
	General			
<b>Assets:</b>				
Cash and cash equivalents	\$ 828,781	\$ 13,172	\$ 841,953	
Restricted cash	42,916	-	42,916	
Receivables (net):				
Taxes	124,548	-	124,548	
Accounts	40,732	-	40,732	
Due from other funds	100	-	100	
Due from other governments	266,062	-	266,062	
Total assets	<u>\$ 1,303,139</u>	<u>\$ 13,172</u>	<u>\$ 1,316,311</u>	
<b>Liabilities:</b>				
Accounts payable & accrued liabilities	\$ 70,679	\$ -	\$ 70,679	
Due to other funds	<u>-</u>	<u>100</u>	<u>100</u>	
Total liabilities	<u>70,679</u>	<u>100</u>	<u>70,779</u>	
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	124,548	-	124,548	
Prepaid taxes	<u>5,231</u>	<u>-</u>	<u>5,231</u>	
Total deferred inflows of resources	<u>129,779</u>	<u>-</u>	<u>129,779</u>	
<b>Fund Balances:</b>				
Restricted				
Stabilization by state statute	306,894	-	306,894	
Transportation	42,916	-	42,916	
Debt Service	36,718	-	36,718	
Committed				
Equipment Capital Reserve	8,675	-	8,675	
Cultural and Recreation	-	13,072	13,072	
Assigned				
Subsequent years' expenditures	322,103	-	322,103	
Unassigned	<u>385,375</u>	<u>-</u>	<u>385,375</u>	
Total fund balances	<u>1,102,681</u>	<u>13,072</u>	<u>1,115,753</u>	
Total liabilities & deferred inflows of resources and fund balances				
	<u>\$ 1,303,139</u>	<u>\$ 13,172</u>	<u>\$ 1,316,311</u>	

**Balance Sheet**  
**Governmental Funds**  
June 30, 2021

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$	1,115,753
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$	5,172,960	
Accumulated depreciation		<u>(1,930,878)</u>	3,242,082

Deferred outflows of resources related to pensions are not reported in the funds		277,367
--	--	---------

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		26,956
--	--	--------

Liabilities for earned revenues considered deferred inflows of resources in fund statements.		124,548
--	--	---------

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Gross long-term debt		(1,193,594)	
Net pension liability		(197,611)	
Total pension liability		(241,981)	

Deferred inflows of resources related to pensions are not reported in the funds		(52,245)
---	--	----------

Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		(35,024)
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Net position of government activities	\$	<u><u>3,066,251</u></u>
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Town of Bladenboro, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2021

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 575,081	\$ -	\$ 575,081
Other taxes and licenses	6,263	-	6,263
Unrestricted intergovernmental	360,487	-	360,487
Restricted intergovernmental	303,394	-	303,394
Permits and fees	1,293	-	1,293
Sales and services	302,413	-	302,413
Investment earnings	1,150	-	1,150
Miscellaneous	54,266	-	54,266
Total revenues	<u>1,604,347</u>	<u>-</u>	<u>1,604,347</u>
<b>Expenditures</b>			
Current:			
General government	465,443	-	465,443
Public safety	674,761	-	674,761
Transportation	232,787	-	232,787
Environmental protection	125,002	-	125,002
Cultural and recreation	13,645	155,020	168,665
Debt service:			
Principal	65,733	-	65,733
Interest	41,717	-	41,717
Total expenditures	<u>1,619,088</u>	<u>155,020</u>	<u>1,774,108</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(14,741)</u>	<u>(155,020)</u>	<u>(169,761)</u>
<b>Other financing sources (uses)</b>			
Transfers From Other Funds	-	150,000	150,000
Transfers To Other Funds	(150,000)	-	(150,000)
Proceeds From Installment Financing	33,940	-	33,940
Total Other Financing Sources (Uses)	<u>(116,060)</u>	<u>150,000</u>	<u>33,940</u>
Net Change in Fund Balance	(130,801)	(5,020)	(135,821)
Fund Balances, Beginning	1,233,482	18,092	1,251,574
Fund Balances, Ending	<u>\$ 1,102,681</u>	<u>\$ 13,072</u>	<u>\$ 1,115,753</u>

Town of Bladenboro, North Carolina  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds to the Statement of Activities**  
For the Year Ended June 30, 2021

Exhibit 4,  
Continued

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

Net changes in fund balances - total governmental funds	\$	(135,821)
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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 capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 173,426	
Depreciation expense for governmental assets	<u>(129,657)</u>	43,769

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Activities	43,964
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	4,955
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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.	5,527

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

New long-term debt issued	(33,940)	
Principal payments on long-term debt	65,733	
Increase in accrued interest payable	<u>(2,378)</u>	29,415

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(5,778)	
Pension expense	<u>(105,678)</u>	<u>(111,456)</u>

Total changes in net position of governmental activities.	\$	<u><u>(119,647)</u></u>
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**General Fund and Annually Budgeted Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
For the Year Ended June 30, 2021

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$	\$ 518,136	\$ 575,081	\$ 56,945
Other taxes and licenses		5,700	6,263	563
Unrestricted intergovernmental		281,683	360,487	78,804
Restricted intergovernmental		339,911	303,394	(36,517)
Permits and Fees		900	1,293	393
Sales and services		290,208	302,413	12,205
Investment earnings		2,015	1,150	(865)
Miscellaneous		19,808	54,266	34,458
Total revenues	-	1,458,361	1,604,347	145,986
Expenditures:				
Current:				
General government		536,122	465,443	70,679
Public safety		690,820	674,761	16,059
Transportation		254,780	232,787	21,993
Economic development		-	-	-
Environmental protection		125,500	125,002	498
Cultural and recreation		16,400	13,645	2,755
Debt service		107,451	107,450	1
Total expenditures	-	1,731,073	1,619,088	111,985
Revenues over (under) expenditures	-	(272,712)	(14,741)	257,971
Other financing sources (uses):				
Proceeds From Installment Financing	-	33,940	33,940	-
Total other financing sources (uses)	-	33,940	(116,060)	(150,000)
Fund Balance Appropriated		538,772	-	(538,772)
Net Change in Fund Balance	\$ -	\$ 300,000	(130,801)	\$ (430,801)
Fund balances, beginning			1,233,482	
Fund balances, ending			\$ 1,102,681	

Town of Bladenboro, North Carolina  
**Statement of Fund Net Position**  
**Proprietary Fund**  
June 30, 2021

Exhibit 6

	Major Enterprise Fund Water and Sewer Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 694,909
Restricted cash	89,718
Accounts receivable (net) - billed	114,233
Accounts receivable (net) - unbilled	29,376
Inventories	4,000
Total	<u>932,236</u>
Non-Current Assets:	
Capital Assets:	
Land and other non-depreciable assets	466,358
Other capital assets, net of depreciation	6,384,278
Total capital assets	<u>6,850,636</u>
Total assets	<u>7,782,872</u>
<b>Deferred Outflows of Resources:</b>	
Pension Deferrals	<u>30,410</u>
Total Deferred Outflows of Resources	<u>30,410</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and Accrued Liabilities	19,801
Compensated Absences	8,101
Total	<u>27,902</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	89,718
Net Pension Liability	52,529
Compensated Absences	5,399
Total	<u>147,646</u>
Total liabilities	<u>175,548</u>
<b>Deferred Inflows of Resources</b>	
Pension Deferrals	<u>3,885</u>
Total Deferred Inflows of Resources	<u>3,885</u>
<b>Net position</b>	
Net investments in capital assets	6,850,636
Unrestricted	783,213
Total net position	<u>\$ 7,633,849</u>



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

Exhibit 7

	Major Enterprise Fund Water and Sewer Fund
<b>Operating revenues:</b>	
Charges for Services	\$ 612,020
Other Operating Revenues	1,812
Total	<u>613,832</u>
<b>Operating Expenses:</b>	
Administration	80,939
Water Operations	105,290
Sewer Operations	84,175
Waste Collections and Treatment	149,278
Depreciation	<u>222,812</u>
Total	<u>642,494</u>
Operating income	<u>(28,662)</u>
<b>Nonoperating revenues (expenses):</b>	
Investment earnings	223
Miscellaneous Revenue	5,840
Interest and fees	<u>-</u>
Total nonoperating revenues (expenses)	<u>6,063</u>
Income (loss) before contributions and transfers	(22,599)
Capital Contributions - Grant	<u>256,246</u>
Change in net position	<u>233,647</u>
Net position - Beginning	<u>7,400,202</u>
Net position - Ending	<u>\$ 7,633,849</u>

Town of Bladenboro, North Carolina  
**Statement of Cash Flows**  
**Proprietary Fund**  
For The Year Ended June 30, 2021

Exhibit 8

	Major Enterprise Fund Water and Sewer Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 648,232
Cash paid for goods and services	(331,400)
Cash paid to employees for services	(115,123)
Customer deposits received	3,925
Other operating revenues	1,812
Net cash provided by (used) operating activities	<u>207,446</u>
<b>Cash flows from noncapital financing activities:</b>	
Other Nonoperating Income	<u>5,840</u>
Net cash provided by (used) noncapital financing activities:	<u>5,840</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(267,188)
Capital Contributions - Grants	<u>256,246</u>
Net cash provided by (used) capital and related financing activities	<u>(10,942)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>222</u>
<b>Net decrease in cash and cash equivalents</b>	202,566
<b>Cash and cash equivalents:</b>	
Beginning of year, July 1	<u>582,061</u>
End of year, June 30	<u>\$ 784,627</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ <u>(28,662)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	222,812
Changes in assets, deferred in/outflows of resources and liabilities:	
(Increase)/Decrease in accounts receivable	36,212
(Increase)/Decrease in deferred outflows of resources-pensions	4,579
Increase/(Decrease) in net pension liability	(5,776)
Increase/(Decrease) in deferred inflows of resources-pensions	2,438
Increase/(Decrease) in accounts payable and accrued liabilities	(23,588)
Increase/(Decrease) in accrued vacation	(4,494)
Increase/(Decrease) in customer deposits	3,925
Total adjustments	<u>236,108</u>
Net cash provided by (used) operating activities	<u>\$ 207,446</u>

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 1:**     Summary of Significant Accounting Policies

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

**A. Reporting Entity**

The Town of Bladenboro is a municipal corporation, which is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present 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 paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

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 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 general government, public safety and street maintenance.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

The Town reports the following non-major governmental funds:

**PARTF Park Capital Project Fund** – This fund is used to account for the construction of a new park and facilities.

**American Rescue Plan Fund**– This fund is used to account for the funding received for this program.

The Town reports the following major enterprise funds:

**Water and Sewer Fund** - This fund is used to account for the Town's water and sewer operations. A Water and Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

Measurement Focus and Basis of Accounting

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

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

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

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

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized by the budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several 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 the time until annual ordinance can be adopted.

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

**Deposits and Investments**

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

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State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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 considered cash and cash equivalents.

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Bladenboro Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 42,916
Total Governmental Activities	\$ 42,916
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 89,718
Total Business Type Activities	\$ 89,718
Total Restricted Cash	\$ 132,634

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<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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Allowance for Doubtful Accounts

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

Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's Enterprise Fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	45
Improvements	25
Motor Vehicles	5
Equipment	5-10
Plant Assets	50

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 one item that meet this criterion, pension deferrals for the fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category - prepaid taxes, property taxes receivable, and pension deferrals.

Long-term Obligations

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

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Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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 Balance

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There were no non-spendable items for the Town.

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

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



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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 – USDA requires 10% of each annual payment to be reserved until the amount reaches one year’s payment.

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

Committed for Parks and Recreation – portion of fund balance assigned for the future use to make improvements to the Town’s recreation facilities.

Committed for Capital Reserve – portion of fund balance assigned for the future purchases of equipment.

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

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

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

The Town of Bladenboro adheres to the North Carolina Local Government Commission’s recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures. Any portion of the general fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Defined Benefit Cost Sharing Plans

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

TOWN OF BLADENBORO, NORTH CAROLINA  
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NOTE 2: Stewardship, Compliance and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with N.C. General Statutes

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

NOTE 3: Detail Notes on All Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents 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 with 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 the under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$564,363 and a bank balance of \$572,376. Of the bank balance, \$627,843 was covered by federal depository insurance and the remaining \$55,467 was covered by collateral and held under the Pooling Method. Cash on hand was \$150.

Investments

At June 30, 2021, the Town had \$1,104,983 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended are net of the following allowances for doubtful accounts:

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Fund	6/30/2021
General Fund	
Taxes Receivable	\$ 26,260
Accounts Receivable	-
Total	26,260
Enterprise Funds:	-
Total	\$ 26,260

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 471,979	\$ -	\$ -	\$ 471,979
Construction in Progress	-	155,000	-	155,000
Total Capital Assets not Being Depreciated:	471,979	155,000	-	626,979
<b>Capital Assets Being Depreciated:</b>				
Buildings	2,361,953	-	-	2,361,953
Other Improvements	291,895	-	-	291,895
Equipment	504,479	-	13,107	491,372
Vehicles	1,385,742	18,426	25,407	1,378,761
Infrastructure	22,000	-	-	22,000
Total Capital Assets Being Depreciated:	4,566,069	18,426	38,514	4,545,981
<b>Less Accumulated Depreciation for:</b>				
Buildings	314,467	46,239	-	360,706
Other Improvements	45,422	5,848	-	51,270
Equipment	320,036	48,161	13,107	355,090
Vehicles	1,142,210	28,529	25,407	1,145,332
Infrastructure	17,600	880	-	18,480
Total Accumulated Depreciation	1,839,735	\$ 129,657	\$ 38,514	1,930,878
Total Capital Assets Being Depreciated, net	2,726,334			2,615,103
<b>Governmental Activity Capital Assets, net</b>	\$ 3,198,313			\$ 3,242,082

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

General Government	\$ 8,318
Public Safety	78,445
Transportation	27,460
Cultural and Recreational	15,434
Total Depreciation Expense	\$ 129,657

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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Water and Sewer Fund</b>				
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 466,358	\$ -	\$ -	\$ 466,358
Construction in Progress	21,000	249,246	(270,246)	-
Total Capital Assets not Being Depreciated:	487,358	249,246	(270,246)	466,358
<b>Capital Assets Being Depreciated:</b>				
Plant and Distribution	10,928,742	270,246	-	11,198,988
Equipment	119,960	-	-	119,960
Vehicles	55,788	17,942	-	73,730
Total Capital Assets Being Depreciated:	11,104,490	288,188	-	11,392,678
<b>Less Accumulated Depreciation for:</b>				
Plant and Distribution	4,617,165	219,193	-	4,836,358
Equipment	116,159	1,900	-	118,059
Vehicles	52,265	1,718	-	53,983
Total Accumulated Depreciation	4,785,589	\$ 222,811	\$ -	5,008,400
Total Capital Assets Being Depreciated, net	6,318,901			6,384,278
<b>Water and Sewer Capital Assets, Net</b>	\$ 6,806,259			\$ 6,850,636

**B. Liabilities**

Pension Plan Obligations

1. Local Governmental Employees' Retirement System

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of 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

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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 Bladenboro 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 Bladenboro's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bladenboro were \$55,650 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$250,140 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 0.0070%, which was an decrease of 0.00154% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the Town recognized pension expense of \$80,427. 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	\$ 31,588	\$ -
Changes of assumptions	18,615	-
Net difference between projected and actual earnings on pension plan investments	35,201	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,755	18,499
Town contributions subsequent to the measurement date	55,650	-
<b>Total</b>	<b>\$ 144,809</b>	<b>\$ 18,499</b>

\$55,650 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 17,938
2023	28,709
2024	13,595
2025	10,418
2026	-
Thereafter	-
	<b>\$ 70,660</b>

*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 substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated

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for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 507,506	\$ 250,140	\$ 36,250

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

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2. Law Enforcement Officers Special Separation Allowance

*Plan Description*

The Town of Bladenboro administers a public employee retirement system (the "*Separation Allowance*"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Town has made no contributions to this plan. A separate report was not issued for the plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>5</u>
Total	<u><u>6</u></u>

*Summary of Significant Accounting Policies*

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

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

*Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.



TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

*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's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$9,911 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 \$241,981. 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 \$36,679.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 98,607	\$ 36,615
Changes of assumptions and other inputs	59,406	1,016
Benefit payments and administrative expenses subsequent to the measurement date.	4,955	-
Total	<u>\$ 162,968</u>	<u>\$ 37,631</u>

\$4,955 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 30,785
2023	30,280
2024	26,049
2025	26,049
2026	6,283
Thereafter	936
	<u>\$ 120,382</u>

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

	<b>1% Decrease (.93%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total Pension Liability	\$ 263,134	\$ 241,981	\$ 222,440

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

	<b>2021</b>
Beginning balance	\$ 215,949
Service Cost	6,594
Interest on the total pension liability	6,878
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(42,178)
Changes of assumptions or other inputs	64,648
Benefit payments	(9,910)
Other changes	-
Ending balance of the total pension liability	<u>\$ 241,981</u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 80,427	\$ 43,137	123,564
Pension Liability	250,140	241,981	\$ 492,121
Proportionate share of the net pension liability	0.00700%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	31,588	98,607	130,195
Changes of assumptions	18,615	59,406	78,021
Net difference between projected and actual earnings on plan investments	35,201	-	35,201
Changes in proportion and differences between contributions and proportionate share of contributions	3,755	-	3,755
Benefit payments and administrative costs paid subsequent to the measurement date	55,650	4,955	60,605
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	36,615	36,615
Changes of assumptions	-	1,016	1,016
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 18,499	\$ -	\$ 18,499

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

3. 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 for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy* - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$18,657, which consisted of \$12,295 from the Town and \$6,362 from the law enforcement officers. The Town also provides for all other employees the same plan with a 5% Town contribution rate. Contributions for the year ended June 30, 2021 were \$18,689, which consisted of \$14,279 from the Town and \$4,410 from the employees.

4. Firefighters' and Rescue Squad Workers' Pension Fund

*Plan Description* - The State of North Carolina contributes, on behalf of the Town of Bladenboro, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the FRSWPF. 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).

*Contributions* - Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

5. Other Employment Benefits

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

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

6. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 55,650
Benefit payments made and administrative expenses for LEOSSA made subsequent to the measurement date	4,955
Differences between expected and actual experience	130,195
Changes of assumptions	78,021
Net difference between projected and actual earnings on pension plan investments	35,201
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,755
Total	<u>\$ 307,777</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 5,231	\$ 5,231
Taxes Receivable (General Fund)	-	124,548
Differences between expected and actual experience	36,615	-
Changes of assumptions	1,016	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,499	-
Total	<u>\$ 61,361</u>	<u>\$ 129,779</u>

7. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence 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 values.

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 commercial insurance coverage in any of the past three fiscal years.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

In accordance with G.S. 159-29, 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. The Town has a \$50,000 fidelity bond on the finance officer, \$10,000 on the tax collector, and a blanket bond for \$10,000 on other employees. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Town does not carry any flood insurance because only 2 of its buildings fall in a flood zone. These 2 buildings fall into an area that has been mapped and designated as an "AE" zone by the Federal Emergency Management Agency. The remainder of the Town is located in an area mapped as an "X" zone, which is an area that is not prone to flooding.

8. Claims, Judgments and Contingent Liabilities

There are no pending monetary suits against the Town as of June 30, 2021.

9. Long-Term Obligations

Capital Leases

The Town has entered into agreements to lease certain equipment and buildings. Those leases which, pertain to general fixed assets are in the general long-term debt account group and those which pertain to an enterprise fund are in the enterprise fund. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Capital Leases at June 30, 2021, were as follows:

General Fund

1. Government Capital Corporation agreement dated October 2018 for lease purchase of financial management software, payable in 5 annual installments of \$12,495, including interest at 5.485%. Outstanding balance at year end was \$23,076. Maturity date is October 2022.

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 44,014	\$ 8,803	\$ 35,211

For the Town of Bladenboro, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending 30-Jun	Governmental Activities	
	Principal	Interest
2022	\$ 11,230	\$ 1,266
2023	11,846	650
Total	\$ 23,076	\$ 1,915

Under the terms of all agreements, title passes to the Town at the end of the lease term.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

Installment Purchases

General Fund

1. USDA direct placement agreement dated December 29, 2010 for the financing of the construction of the Town hall building, payable in 30 annual payments of \$11,218 including interest at 3.75%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$151,046. Maturity is December 29, 2040.
2. USDA direct placement agreement dated July 16, 2015 to pay off the construction loan for the fire department building and is payable in 40 annual payments of \$42,496 including interest at 3.50%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$849,926. Maturity is July 2055.
3. First bank direct placement agreement dated October 12, 2018 for purchase of backhoe, payable in five annual payments of \$13,720, including interest at 3.65%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$38,315. Maturity is October 2023.
4. First bank direct placement agreement dated November 26, 2019 for purchase of a grapple truck, payable in five annual payments of \$17,052, including interest at 2.37%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$64,310. Maturity is November 2024.
5. First bank direct placement agreement dated August 21, 2020 for purchase of a truck, payable in three annual payments of \$11,703, including interest at 1.69%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$33,940. Maturity is August 2023.

For The Town of Bladenboro, the future minimum payments as of June 30, 2021 are as follows:

Year Ending 30-Jun	Governmental Activities	
	Principal	Interest
2022	\$ 57,291	\$ 38,906
2023	58,949	37,245
2024	60,615	35,531
2025	36,955	33,771
2026	21,068	32,649
2027-2031	117,193	151,390
2032-2036	139,708	128,875
2037-2041	156,445	101,993
2042-2046	136,061	76,434
2047-2051	161,598	50,896
2052-2056	191,654	20,567
2057-2061	-	-
Total	\$ <u>1,137,537</u>	\$ <u>708,257</u>

At June 30, 2021, Town of Bladenboro had a legal debt margin of \$6,107,025.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

Changes in General Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct Placement					
Installment Purchase	\$ 1,158,484	\$ 33,940	\$ (54,887)	\$ 1,137,537	\$ 57,291
Capital Leases	33,922	-	(10,846)	23,076	11,230
Net Pension Liability - LGERS	174,916	22,695	-	197,611	-
Net Pension Liability - LEO	215,949	26,032	-	241,981	-
Compensated Absences	27,203	17,457	(11,679)	32,981	17,457
Total Governmental Activities	<u>\$ 1,610,474</u>	<u>\$ 100,124</u>	<u>\$ (77,412)</u>	<u>\$ 1,633,186</u>	<u>\$ 85,978</u>
Business-Type Activities:					
Water and Sewer Fund					
Net Pension Liability - LGERS	\$ 58,305	\$ -	\$ (5,776)	\$ 52,529	\$ -
Compensated Absences	17,993	8,101	(12,594)	13,500	8,101
Total Water and Sewer Fund	<u>\$ 76,298</u>	<u>\$ 8,101</u>	<u>\$ (18,370)</u>	<u>\$ 66,029</u>	<u>\$ 8,101</u>

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

6. Interfund Balances and Activity

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

American Rescue Plan Fund owes the General Fund	\$ <u>100</u>
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Above amount due back to the General Fund was from the opening of a separate bank account.

	Transfers	
	From	To
General Fund	\$ 150,000	\$ -
PARTF Parks Capital Project ( Local Match)	<u>-</u>	<u>150,000</u>
Total operating transfers - other funds	<u>\$ 150,000</u>	<u>\$ 150,000</u>

Above transfer was for the local match of the park project.

TOWN OF BLADENBORO, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021

8. Fund Balance

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

<b><i>Total fund balance-General Fund</i></b>	<b><i>\$1,102,681</i></b>
<b>Less:</b>	
<b>Stabilization by State Statute</b>	306,894
<b>Debt Service</b>	42,916
<b>Streets - Powell Bill</b>	36,718
<b>Equipment Reserve</b>	8,675
<b>Appropriated Fund Balance in 2022 Budget</b>	322,103
<b>Remaining Fund Balance</b>	385,375

The Town of Bladenboro adheres to the North Carolina Local Government Commission's recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures.

NOTE 4: Jointly Governed Organization

The Town, along with several other counties and municipalities participate in the Lumber River Council of Governments (COG). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid \$578 to the Council during the fiscal year ended June 30, 2021.

NOTE 5: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 10, 2021, the date which the financial statements were available for issue.



## Required Supplementary Financial Data

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The section contains additional information required by the generally accepted accounting principles.

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

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability

Schedule of Total Pension Liability as a Percentage of Covered Payroll

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

Local Government Employees' Retirement System								
	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.00700%	0.00854%	0.00820%	0.00703%	0.00908%	0.00812%	0.0097%	0.0096%
Town's proportion of the net pension liability (asset) (\$)	\$ 250,140	\$ 233,221	\$ 194,532	\$ 107,398	\$ 192,707	\$ 36,441	\$ (56,970)	115,717
Town's covered-employee payroll	\$ 551,035	\$ 515,692	\$ 501,981	\$ 472,275	\$ 494,402	\$ 488,266	\$ 480,600	508,657
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.39%	45.22%	38.75%	22.74%	38.98%	7.46%	-11.85%	22.75%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of Bladenboro, North Carolina  
Schedule of Contributions  
Required Supplementary Information  
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 55,650	\$ 50,184	\$ 41,604	\$ 39,413	\$ 35,732	\$ 34,007	\$ 35,241	36,062
Contributions in relation to the contractually required contribution	55,650	50,184	41,604	39,413	35,732	34,007	35,241	36,062
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 531,551	\$ 551,035	\$ 515,692	\$ 501,981	\$ 472,275	\$ 494,402	\$ 488,266	480,600
Contributions as a percentage of covered-employee payroll	10.47%	9.11%	8.07%	7.85%	7.57%	6.96%	7.22%	7.09%

Town of Bladenboro, North Carolina  
Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance  
June 30, 2021

	2021	2020	2019	2018
Beginning balance	\$ 215,949	\$ 79,862	\$ 63,536	\$ 81,457
Service Cost	6,594	7,914	4,650	3,020
Interest on the total pension liability	6,878	2,689	1,741	2,838
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(42,178)	130,336	29,492	(10,579)
Changes of assumptions or other inputs	64,648	7,118	(2,685)	2,649
Benefit payments	(9,910)	(11,970)	(16,872)	(15,849)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 241,981</u>	<u>\$ 215,949</u>	<u>\$ 79,862</u>	<u>\$ 63,536</u>

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

Town of Bladenboro, North Carolina  
Schedule of Total Pension Liability as a Percentage of Covered Payroll  
Law Enforcement Officers' Special Separation Allowance  
June 30, 2021

	2021	2020	2019	2018
Total pension liability	\$ 241,981	\$ 215,949	\$ 79,862	\$ 63,536
Covered payroll	225,628	282,141	254,107	194,180
Total pension liability as a percentage of covered payroll	107.25%	76.54%	31.43%	32.72%

Notes to the schedules:

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

## Supplementary Statements

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The section contains additional statements required by the Local Government Commission  
in North Carolina.

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

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	\$ 566,251	\$
Penalties and interest		8,830	
Total	<u>518,136</u>	<u>575,081</u>	<u>56,945</u>
Other taxes and licenses:			
Motor Vehicle Tax		6,263	
Total	<u>5,700</u>	<u>6,263</u>	<u>563</u>
Unrestricted intergovernmental:			
Local Option Sales Tax		259,347	
Utility Sales Tax		73,572	
Video Franchise Tax		10,858	
Telecom Sales Tax		9,580	
Beer and Wine Tax		7,130	
Total	<u>281,683</u>	<u>360,487</u>	<u>78,804</u>
Restricted intergovernmental:			
Powell Bill Allocation		51,951	
Solid Waste Disposal Tax		1,281	
Grants		250,162	
Total	<u>339,911</u>	<u>303,394</u>	<u>(36,517)</u>
Permits & Fees:			
Planning and zoning fees		1,215	
Beer/Wine Permit		15	
Court fees		63	
Total	<u>900</u>	<u>1,293</u>	<u>393</u>
Sales and services:			
Sanitation Fees		190,439	
Fire District Contract		90,499	
Recreation Revenue		1,067	
Administration Fee		19,608	
Rent		800	
Total Sales and Services	<u>290,208</u>	<u>302,413</u>	<u>12,205</u>
Investment earnings:			
Powell Bill		23	
Regular		1,127	
Total Other Revenues	<u>2,015</u>	<u>1,150</u>	<u>(865)</u>

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

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Police Christmas		1,990	
Sale of Fixed Assets/Insurance Proceeds		29,802	
Donations		4,551	
Miscellaneous		17,923	
Total Other Revenues	19,808	54,266	34,458
Total Revenues	1,458,361	1,604,347	145,986
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries		22,682	
Professional Services		18,921	
Employee Benefits		1,948	
Insurance		2,886	
Capital outlay		-	
Miscellaneous		5,103	
Total	55,559	51,540	4,019
Administration:			
Salaries		99,869	
Employee Benefits		33,129	
Operating Expenses		34,289	
Capital outlay		-	
Total	201,266	167,287	33,979
Planning & Economic Development			
Operating Expenses		177,795	
Total	203,700	177,795	25,905
Public Buildings:			
Utilities		18,652	
Maintenance		22,020	
Departmental Supplies		743	
Other operating expenditures		2,359	
Insurance		25,047	
Capital Outlay		-	
Total	75,597	68,821	6,776
Total General Government	536,122	465,443	70,679



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

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		237,419	
Special separation allowance		9,910	
Employee Benefits		90,648	
Vehicle maintenance		12,572	
Other operating expenditures		84,686	
Capital outlay		38,426	
Total	489,638	473,661	15,977
Fire:			
Employee benefits		5,903	
Vehicle maintenance		17,331	
Other operating expenditures		42,866	
Capital outlay		135,000	
Total	201,182	201,100	82
Total Public Safety	690,820	674,761	16,059
Transportation:			
Streets and highways:			
Salaries		67,081	
Contracted Services		-	
Employee Benefits		32,045	
Vehicle maintenance		11,870	
Operating Expenses		60,978	
Capital Outlay		-	
Total Streets and Highways	187,246	171,974	15,272
Powell Bill:			
Operating Expenses		60,813	
Total Powell Bill	67,534	60,813	6,721
Total Transportation	254,780	232,787	21,993

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

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Solid Waste:			
Contracted Services		-	
Operating Expenses		125,002	
Total Environmental Protection	125,500	125,002	498
Culture and recreation:			
Recreation Department:			
Operating Expenses		5,946	
Capital Outlay		-	
Total Recreation Department	6,600	5,946	654
Library:			
Contracted Services		7,000	
Operating Expenses		299	
Capital Outlay		-	
Total Library	8,300	7,299	1,001
Community Events	1,500	400	1,100
Total Culture and Recreation	16,400	13,645	2,755
Debt service:			
Principal retirement		65,733	
Interest and fees		41,717	
Total Debt Service	107,451	107,450	1
Total Expenditures	1,731,073	1,619,088	111,985
Revenues over (under) expenditures	(272,712)	(14,741)	257,971
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
To PARTF Park Project	(300,000)	(150,000)	150,000
Proceeds from Installment Financing	33,940	33,940	-
Total Other Financing Sources(Uses)	(266,060)	(116,060)	150,000
Fund Balance Appropriated	538,772	-	(538,772)
Net Change in Fund Balance	\$ -	(130,801)	\$ (130,801)
Fund Balances, Beginning		1,233,482	
Fund Balances, Ending		\$ 1,102,681	

Town of Bladenboro, North Carolina  
**Combining Balance Sheet**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2021

	PARTF Park Capital Project	American Rescue Plan Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 13,072	\$ 100	\$ 13,172
Total Assets	<u>\$ 13,072</u>	<u>\$ 100</u>	<u>\$ 13,172</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>100</u>	<u>100</u>
Total Liabilities	<u>-</u>	<u>100</u>	<u>100.00</u>
Fund Balance:			
Committed			
Cultural and Recreation	13,072	-	13,072
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>13,072</u>	<u>-</u>	<u>13,072</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 13,072</u>	<u>\$ 100</u>	<u>\$ 13,172</u>

Town of Bladenboro, North Carolina  
**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2021

	<u>PARTF Park Capital Project</u>	<u>American Rescue Plan Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Restricted Intergovernmental			
State Grants	\$ -	\$ -	\$ -
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
General Government	-	-	-
Cultural and Recreational	<u>155,020</u>	<u>-</u>	<u>155,020</u>
Total Expenditures	<u>155,020</u>	<u>-</u>	<u>155,020</u>
Revenues Over(Under)			
Expenditures	<u>(155,020)</u>	<u>-</u>	<u>(155,020)</u>
Other Financing Sources(Uses)			
Transfers - In (Out)			
Transfers In	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Revenues and Other Sources			
Over Other Uses	(5,020)	-	(5,020)
Fund Balances, beginning	<u>18,092</u>	<u>-</u>	<u>18,092</u>
Fund Balances, ending	<u>\$ 13,072</u>	<u>\$ -</u>	<u>\$ 13,072</u>

Town of Bladenboro, North Carolina  
**PARTF Park Capital Project**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non - GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2021

	Actual				Variance
	Project Author- ization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted Intergovernmental					
PARTF	\$ 200,595	\$ -	\$ -	\$ -	\$ (200,595)
Total Restricted Intergovernmental	<u>200,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,595)</u>
Total Revenues	<u>200,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,595)</u>
Expenditures:					
Cultural and Recreational					
Operating Cost		-	20	20	(20)
Capital Outlay		-	155,000	155,000	(155,000)
Total Expenditures	<u>500,595</u>	<u>-</u>	<u>155,020</u>	<u>155,020</u>	<u>(155,020)</u>
Revenue over (under) Expenditures	<u>(300,000)</u>	<u>-</u>	<u>(155,020)</u>	<u>(155,020)</u>	<u>(355,615)</u>
Other Financing Sources (Uses)					
Transfers To/From Other Funds:					
From General Fund	300,000	-	150,000	150,000	(150,000)
Total Other Financing Sources(Uses)	<u>300,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>(150,000)</u>
Excess of Revenue and Other Sources over (Under) Expenditures	\$ <u>-</u>	\$ <u>-</u>	(5,020)	\$ <u>(5,020)</u>	\$ <u>(505,615)</u>
Fund Balances, beginning			18,092		
Fund Balances, ending			\$ <u>13,072</u>		

Town of Bladenboro, North Carolina  
**American Rescue Plan Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted Intergovernmental Revenue			
ARP Funds	\$ -	\$ -	\$ -
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
General Government			
Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources			
Over Other Uses	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balances, beginning		<u>-</u>	
Fund Balances, ending		<u>\$ -</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water and Sewer Sales	\$	\$ 558,517	\$
Taps and Connection Fees		53,503	
Miscellaneous		1,812	
Total	<u>547,900</u>	<u>613,832</u>	<u>65,932</u>
Nonoperating Revenues:			
Gain on Sale of Assets			
Farm Lease		5,840	
Interest Earned on Investment		223	
Total	<u>6,340</u>	<u>6,063</u>	<u>(277)</u>
Total revenues	<u>554,240</u>	<u>619,895</u>	<u>65,655</u>
Expenditures:			
Administration:			
Salaries		34,257	
Employee Benefits		13,453	
Operating Expenses		34,205	
Total	<u>97,672</u>	<u>81,915</u>	<u>15,757</u>
Water Department:			
Salaries		19,473	
Employee Benefits		9,593	
System Repairs		1,800	
Contract Services		25,993	
Departmental Supplies		14,407	
Operating Expenses		34,577	
Total	<u>150,598</u>	<u>105,843</u>	<u>44,755</u>
Sewer Department:			
Salaries		42,609	
Employee Benefits		15,261	
System Repairs		4,962	
Departmental Supplies		3,251	
Operating Expenses		19,296	
Total	<u>91,346</u>	<u>85,379</u>	<u>5,967</u>
Wastewater Treatment:			
Salaries		18,784	
Employee Benefits		6,251	
System Repairs		4,200	
Departmental Supplies		25,751	
Contract Services		44,419	
Operating Expenses		50,393	
Total	<u>221,624</u>	<u>149,798</u>	<u>71,826</u>

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

	Budget	Actual	Variance Positive (Negative)
Total General Expenses	561,240	422,935	138,305
Capital outlay:			
Sewer		17,942	
Total capital outlay	20,000	17,942	2,058
Total expenditures	581,240	440,877	140,363
Capital Contributions - Grants	7,000	7,000	-
Fund Balance Appropriated	20,000	-	(20,000)
Revenues and other sources over expenditures and other uses	\$ -	\$ 186,018	\$ 186,018

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

Revenues over expenditures \$ 186,018

Reconciling items:

(Increase)/Decrease in compensated absences payable	4,494
Increase/(Decrease) in deferred outflows of resources-pensions	(4,579)
(Increase)/Decrease in net pension liability	5,776
(Increase)/Decrease in deferred inflows of resources-pensions	(2,438)
Capital outlay	17,942
Capital Contributions-Capital Projects	249,246
Depreciation	(222,812)
Total reconciling items	47,629

Changes in Net Position \$ 233,647



Town of Bladenboro, North Carolina  
**Capital Projects Fund-CDBG Utility System Backup Power Supply**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non - GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2021

	Actual				
	Project Author- ization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
CDBG	\$ 300,000	\$ 30,000	\$ 249,246	\$ 279,246	\$ (20,754)
Total Revenues	<u>300,000</u>	<u>30,000</u>	<u>249,246</u>	<u>279,246</u>	<u>(20,754)</u>
Expenditures:					
Grant Expenditures					
Operating Cost		9,000	-	9,000	
Capital Outlay		21,000	249,246	270,246	
Total Expenditures	<u>300,000</u>	<u>30,000</u>	<u>249,246</u>	<u>279,246</u>	<u>20,754</u>
Revenue over (under) Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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

Town of Bladenboro, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
For the Fiscal Year Ended 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	\$ -	\$ 570,181	\$ 523,327	\$ 46,854
2019 - 2020	59,593	-	23,735	35,858
2018 - 2019	21,308	-	6,487	14,821
2017 - 2018	18,237	-	5,694	12,543
2016 - 2017	13,374	-	3,741	9,633
2015 - 2016	10,901	-	1,995	8,906
2014 - 2015	6,318	-	689	5,629
2013 - 2014	6,183	-	810	5,373
2012 - 2013	5,672	-	279	5,393
2011 - 2012	5,992	-	189	5,803
2010 - 2011	2,755	-	2,755	-
	<u>\$ 150,333</u>	<u>\$ 570,181</u>	<u>\$ 569,701</u>	<u>\$ 150,813</u>
Less Allowance for Doubtful Collections				<u>26,260</u>
				<u>\$ 124,553</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 575,081
Reconciling items:				
Interest collected				(8,830)
Releases and Refunds				<u>3,450</u>
Subtotal				<u>(5,380)</u>
Total collections and credits				<u>\$ 569,701</u>

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

				Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 89,968,125	\$ 0.64	\$ 575,796	\$ 497,024	\$ 78,772
			-		-
Total	<u>89,968,125</u>		<u>575,796</u>	<u>497,024</u>	<u>78,772</u>
Discoveries:					
Current year taxes	<u>-</u>	0.64	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Abatements:	<u>(877,344)</u>	0.64	<u>(5,615)</u>	<u>(5,615)</u>	<u>-</u>
Total property valuation	\$ <u><u>90,845,469</u></u>				
Net levy			570,181	491,409	78,772
Uncollected taxes at June 30, 2021			<u>46,854</u>	<u>46,854</u>	<u>-</u>
Current year's taxes collected			\$ <u><u>523,327</u></u>	\$ <u><u>444,555</u></u>	\$ <u><u>78,772</u></u>
Current levy collection percentage			<u><u>91.78%</u></u>	<u><u>90.47%</u></u>	<u><u>100.00%</u></u>

## COMPLIANCE SECTION



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R. Bryon Scott, CPA  
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Alan W. Thompson, CPA

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**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the Town of Bladenboro, North Carolina, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprises the Town of Bladenboro's basic financial statements, and have issued our report thereon dated November 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Bladenboro'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 Bladenboro's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2021-001.

## **Compliance and Other Matters**

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

### **Town of Bladenboro's Response to Finding**

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

### **Purpose of this Report**

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

*Thompson, Price, Scott, Adams & Co., PA*

Elizabethtown, North Carolina

November 10, 2021

Town of Bladenboro, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2021

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<b>Section I.</b>	<b>Summary of Auditor's Results</b>
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Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                             yes                        X   no
- Significant Deficiency(s)                                        X   yes                             none reported

Noncompliance material to financial statements noted?                             yes                        X   no



Town of Bladenboro, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2021

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**Section II – Financial Statement Findings**

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**SIGNIFICANT DEFICIENCY**

**2021 – 001 Segregation of Duties**

**Criteria:** The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and 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 cash management, accounts receivable, purchasing, and payroll functions in all departments.

**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 and lack of board oversight.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2020-001.

**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 adhere to the correction action plan on page 74 in this audit report.



# BLADENBORO

Small town living. Hometown proud. *North Carolina*

Corrective Action Plan  
For the Fiscal Year Ended June 30, 2021

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## Section II – Financial Statement Findings

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### SIGNIFICANT DEFICIENCIES

#### 2021 – 001 Segregation of Duties

Name of contact person:	Rufus Duckworth, Mayor
Corrective Action:	The duties will be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board will become more involved in providing some of these controls.
Proposed Completion Date:	The Board will implement the above procedure immediately.