

***REVIEWED***

***By SLGFD at 4:10 pm, Dec 17, 2021***

**TOWN OF BROOKFORD  
NORTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

Fiscal Year Ended June 30, 2021

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Annual Financial Report**  
Fiscal Year Ended June 30, 2021

**Town Council - Policy**

Thomas Schronce, Mayor

Aldermen:

James Weaver (Mayor Pro Tem)

Sue Noblitt

Charles Bargsley

Bill McGregor

**Administration**

Marshall J. Eckard

Finance Director

Redmond G. Dill

Town Attorney

**TOWN OF BROOKFORD, NORTH CAROLINA**  
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**June 30, 2021**

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## **Financial Section**

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  - \* Management's Discussion and Analysis**
  - \* Basic Financial Statements**
  - \* Notes to the Financial Statements**
  - \* Individual Fund Statements and Schedules**

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**Debora B. Wentz, CPA**  
**Post Office Box 287**  
**Newton, North Carolina, 28658**

Independent Auditor's Report

To the Town Council  
Town of Brookford, North Carolina

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activity, business-type activity, and each major fund of Town of Brookford, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Brookford'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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity, business-type activity, and each major fund of

Town of Brookford, North Carolina as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 58 through 61, and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 62 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brookford's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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. In my opinion, the budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Debra B. Wentz, CPA*

Newton, NC 28658  
December 1, 2021



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

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## **Town of Brookford**

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

As management of the Town of Brookford, we offer readers of the Town of Brookford's financial statements this narrative overview and analysis of the financial activities of the Town of Brookford 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**

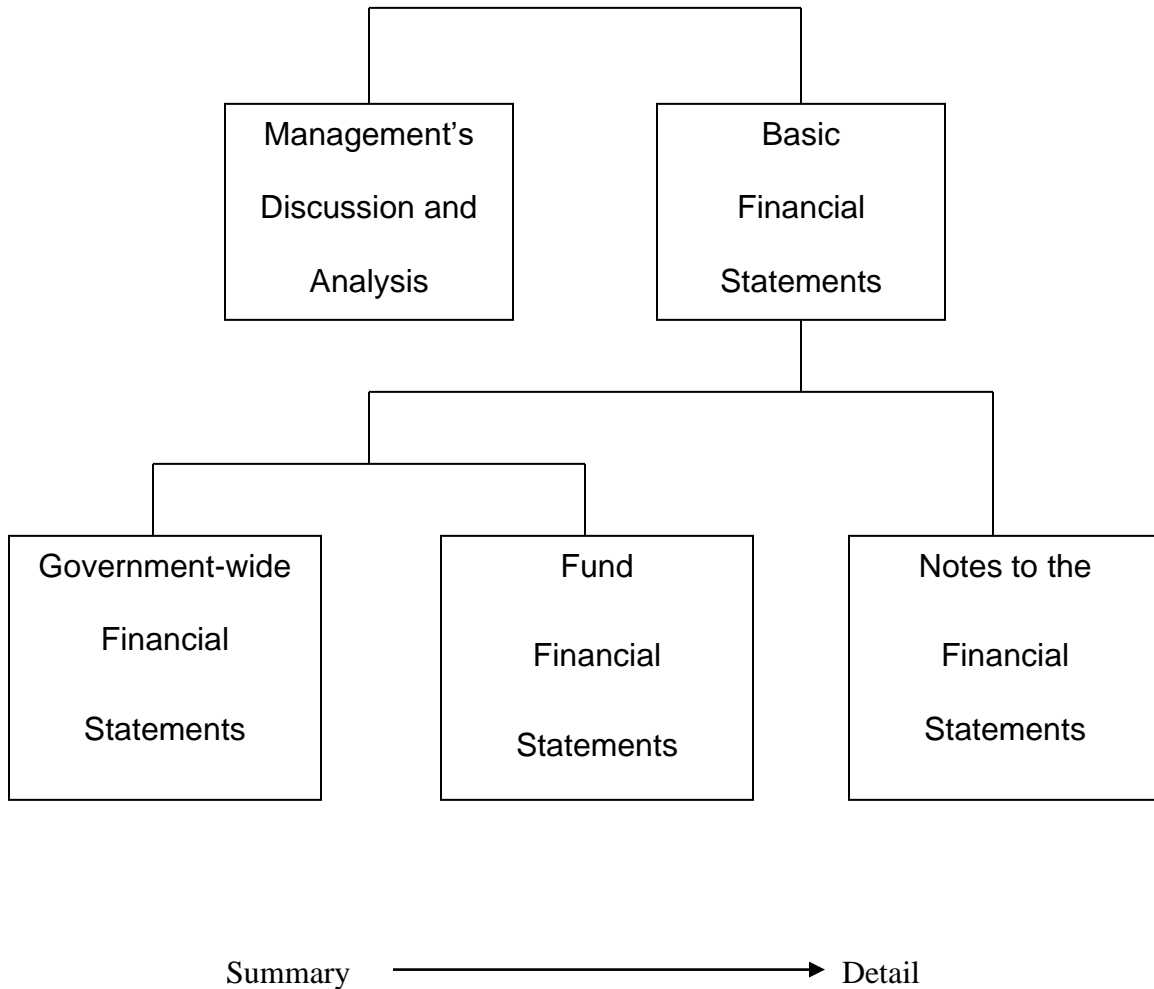
- The assets of the Town of Brookford exceeded its liabilities at the close of the fiscal year by \$1,151,998 (net position).
- The government's total net position increased by \$56,112.
- As of the close of the current fiscal year, the Town of Brookford's governmental fund reported an ending fund balance of \$715,890, an increase of \$53,510 in comparison with the prior year. Approximately 7.5 percent of this total amount, or \$53,843, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$661,047 or 211(%) percent of total general fund expenditures for the fiscal year.
- The Town's legal debt limit is \$1,863,200 (8 percent of assessed valuation) and the Town's legal debt margin is \$1,863,200. The Town has no debt except for accrued compensated absences and net pension liability.

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

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

## 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 as a whole.

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

## **Town of Brookford**

statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

### **Government-wide Financial Statements**

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

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

The government-wide statements are divided into two categories: 1) government activities, and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and rental income finance most of these activities. The business-type activities are those that the Town charges customers to provide. These are the cemetery services offered by the Town of Brookford. There are no component units of the Town of Brookford.

The government-wide financial statements are on 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 Brookford, 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 Brookford 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

## **Town of Brookford**

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

The Town of Brookford 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 Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The 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 Brookford had one proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The cemetery fund maintains the Town's cemetery and provides plots for sale to citizens.

**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 29 through 56 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found beginning on page 57 of this report.

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with 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 State laws and State appropriations.

## Town of Brookford

### The Town of Brookford's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 738,623	\$ 698,018	\$ 80,715	\$ 64,433	\$ 819,338	\$ 762,451
Noncurrent assets	357,184	362,517	11,074	7,827	368,258	370,344
Deferred outflows	13,892	15,826	-	-	13,892	15,826
Total assets and deferred outflows	1,109,699	1,076,361	91,789	72,260	1,201,488	1,148,621
Current liabilities outstanding	-	9,850	64	-	64	9,850
Other liabilities	43,235	35,132	-	-	43,235	35,132
Deferred inflows	6,191	7,753	-	-	6,191	7,753
Total liabilities and deferred inflows	49,426	52,735	64	-	49,490	52,735
Net position:						
Net investment in capital assets	357,184	362,517	11,074	7,827	368,258	370,344
Restricted	47,971	47,971	-	-	47,971	47,971
Unrestricted	655,118	613,138	80,651	64,433	735,769	677,571
Total net position	\$ 1,060,273	\$ 1,023,626	\$ 91,725	\$ 72,260	\$ 1,151,998	\$ 1,095,886

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Brookford exceeded liabilities \$1,151,998 as of June 30, 2021. The Town's net position increased \$56,112 for the fiscal year ended June 30, 2021. However, the largest portion (32%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Brookford uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Brookford'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. As of June 30, 2021, the Town had no outstanding debt. An additional portion of the Town's net position 4.2% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$735,769 is unrestricted.

## Town of Brookford

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 51,371	\$ 51,382	\$ 28,310	\$ 8,880	\$ 79,681	\$ 60,262
Operating grants and contributions	18,029	14,795	-	-	18,029	14,795
Capital grants	3,487				3,487	-
General revenues:						
Property taxes	118,686	101,613	-	-	118,686	101,613
Other taxes	137,174	120,761	-	-	137,174	120,761
Grants and contributions not restricted to specific programs	5,686	-	12	-	5,698	-
Other	7,865	12,155		572	7,865	12,727
Total revenues	342,298	300,706	28,322	9,452	370,620	310,158
Expenses:						
General government	202,247	191,760	-	-	202,247	191,760
Public safety	77,409	88,612	-	-	77,409	88,612
Highways/streets	15,762	13,366	-	-	15,762	13,366
Environmental protection	9,031	8,505	-	-	9,031	8,505
Culture and recreation	1,202	1,202	-	-	1,202	1,202
Cemetery	-	-	8,857	6,547	8,857	6,547
Total expenses	305,651	303,445	8,857	6,547	314,508	309,992
Increase (decrease) in net position	36,647	(2,739)	19,465	2,905	56,112	166
Net position, July 1, restated	1,023,626	1,026,365	72,260	69,355	1,095,886	1,095,720
Net position, June 30	\$ 1,060,273	\$ 1,023,626	\$ 91,725	\$ 72,260	\$ 1,151,998	\$ 1,095,886

**Governmental activities.** Governmental activities increased the Town's net position by \$36,647, accounting for 65.3% of the total increase in the net position of the Town of Brookford.

**Business-type activities.** Business-type activities increased the Town of Brookford's net position by \$19,465, accounting for 34.7% of the total increase in the government's net position.

## **Town of Brookford**

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

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

**Governmental Funds.** The focus of the Town of Brookford's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Brookford's financing requirements.

The general fund is the chief operating fund of the Town of Brookford. At the end of the current fiscal year, fund balance available of the General Fund was \$669,907, while total fund balance was \$715,890. The Town currently has an available fund balance of 214 percent of general fund expenditures, while total fund balance represents 229 percent of the same amount.

The General Fund is the only governmental fund of the Town of Brookford.

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

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Cemetery Fund are \$80,651. The total increase in net position was \$19,465.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Brookford's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$368,258 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.



## Town of Brookford

Capital purchases during the year were:

- Three (3) Heat pumps
- Lawn mower

### Town of Brookford's Capital Assets

**Figure 4**

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 37,000	\$ 51,975	\$ 6,900	\$ 6,900	\$ 43,900	\$ 58,875
Buildings and improvements	191,035	180,828	-	-	191,035	180,828
Machinery and Equipment	15,791	13,494	4,174	927	19,965	14,421
Infrastructure	113,003	115,722	-	-	113,003	115,722
Vehicles and motorized equipment	355	498	-	-	355	498
Total	\$ 357,184	\$ 362,517	\$ 11,074	\$ 7,827	\$ 368,258	\$ 370,344

Additional information on the Town's capital assets can be found in note 3 of the Basic Financial Statements.

**Long-term Debt.** The Town's long-term debt at June 30, 2021 consisted of uncompensated vacation pay and net pension liability of \$43,235.

## **Town of Brookford**

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

The following key economic indicators reflect the financial condition of the Town of Brookford:

- Budget for fiscal year ending 2021-2022 has \$1,000 fund balance appropriated.
- The Catawba County unemployment rate decreased from 9.3% in June 2020 to 4.7% in June 2021. Prior to the pandemic, unemployment was averaging 3.77%. This compares to 3.5% in 2019, 3.6% in 2018 and 4.2% in 2017. The State rate at June 2021 was 4.9%
- Catawba County reported an increase of 0.8% growth according to the North Carolina Certified Population Estimate by the NC Department of Commerce.
- According to the October 2021 Catawba County Profile provided by the NC Department of Commerce, 76.9% of residents were employed in State/County of residence.

### **Requests for Information**

This report is designed to provide an overview of the Town of Brookford'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 Director of Finance, Town of Brookford, 1700 South Center Street, Hickory, N.C. 28602.

## **Basic Financial Statements**

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The Basic Financial Statements present a condensed overview of the financial position and results of operations of the Town as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Net Position**  
June 30, 2021

	<b>Primary Government</b>		
	<b>Governmental Activities \$</b>	<b>Business-type Activities \$</b>	<b>Total \$</b>
<b>Assets</b>			
Current assets:			
Cash	666,395	61,511	727,906
Restricted cash	7,860		7,860
Taxes receivables (net)	10,322		10,322
Accrued interest receivable on taxes	8,063		8,063
Accounts receivable	3,746	19,021	22,767
Due from other governments	38,467		38,467
Prepaid items	3,770		3,770
Inventories		183	183
Total current assets	<u>738,623</u>	<u>80,715</u>	<u>819,338</u>
Noncurrent assets:			
Capital assets (Note 2):			
Land and non-depreciable assets	37,000	6,900	43,900
Other capital assets, net of depreciation	<u>320,184</u>	<u>4,174</u>	<u>324,358</u>
Total capital assets	<u>357,184</u>	<u>11,074</u>	<u>368,258</u>
Total assets	<u>1,095,807</u>	<u>91,789</u>	<u>1,187,596</u>
<b>Deferred Outflows of Resources</b>			
Pension deferrals	<u>13,892</u>		<u>13,892</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	4,348	64	4,412
Current portion of long-term liabilities	<u>1,000</u>		<u>1,000</u>
Total current liabilities	<u>5,348</u>	<u>64</u>	<u>5,412</u>
Long-term liabilities:			
Net pension liability	25,961		25,961
Due in more than one year	<u>11,926</u>		<u>11,926</u>
Total liabilities	<u>43,235</u>	<u>64</u>	<u>43,299</u>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	<u>6,191</u>		<u>6,191</u>

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Net Position**  
June 30, 2021

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Net Position</b>			
Net investment in capital assets	357,184	11,074	368,258
Restricted for:			
Stabilization by State Statute	38,097		38,097
Transportation	9,874		9,874
Unrestricted	<u>655,118</u>	<u>80,651</u>	<u>735,769</u>
Total net position	<u>1,060,273</u>	<u>91,725</u>	<u>1,151,998</u>

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Activities**  
For the Year Ended June 30, 2021

<u><b>Functions/Programs</b></u>	<b>Expenses</b> \$	<u><b>Program Revenues</b></u>		<u><b>Net (Expense) Revenue and Changes in Net Position</b></u>			
		<b>Charges for Services</b> \$	<b>Operating Grants and Contributions</b> \$	<b>Capital Grants and Contributions</b> \$	<u><b>Primary Government</b></u>		<b>Total</b> \$
					<b>Governmental Activities</b> \$	<b>Business- Type Activities</b> \$	
<b>Primary government:</b>							
Government activities:							
General government	202,247	29,833	7,707		( 164,707)		( 164,707)
Public safety	77,409				( 77,409)		( 77,409)
Transportation	15,762		10,041	3,487	( 2,234)		( 2,234)
Environmental protection	9,031	21,538	281		12,788		12,788
Cultural and recreation	<u>1,202</u>				( <u>1,202</u> )		( <u>1,202</u> )
Total governmental activities (See Note 1)	305,651	51,371	18,029	3,487	( 232,764)	0	( 232,764)
Business-type activities:							
Cemetery	<u>8,857</u>	<u>28,310</u>				<u>19,453</u>	<u>19,453</u>
Total primary government	<u>314,508</u>	<u>79,681</u>	<u>18,029</u>	<u>3,487</u>	( <u>232,764</u> )	<u>19,453</u>	( <u>213,311</u> )

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Activities**  
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	\$	\$	\$	\$	\$	\$	\$
General revenues:							
Taxes:							
Property taxes, levied for general purpose					118,686		118,686
Other taxes					137,174		137,174
Unrestricted investment earnings					5,686	12	5,698
Miscellaneous					<u>7,865</u>		<u>7,865</u>
Total general revenues					<u>269,411</u>	<u>12</u>	<u>269,423</u>
Change in net position					36,647	19,465	56,112
Net position, beginning					<u>1,023,626</u>	<u>72,260</u>	<u>1,095,886</u>
Net position, ending					<u>1,060,273</u>	<u>91,725</u>	<u>1,151,998</u>

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2021

**Major Fund**

**General**

\$

**Assets**

Cash	666,395
Restricted cash	7,860
Receivable, net:	
Taxes	10,322
Accounts	3,746
Due from other governments	38,467
Prepaid items	<u>3,770</u>
Total assets	<u><u>730,560</u></u>

**Liabilities**

Accounts payable and accrued liabilities	<u>4,348</u>
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**Deferred Inflows of Resources**

Property tax receivable	<u>10,322</u>
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**Fund Balances**

Nonspendable	
Prepaid items	3,770
Restricted	
Stabilization by State Statute	42,213
Streets	7,860
Assigned	
Subsequent year's expenditures	1,000
Unassigned	<u>661,047</u>
Total fund balances	<u><u>715,890</u></u>

Total liabilities, deferred inflows of resources, and fund balances	<u><u>730,560</u></u>
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**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2021

	\$	\$
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		715,890
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	785,520	
Less accumulated depreciation	( 428,336)	357,184
Deferred outflows of resources related to pensions are not reported in the funds		13,892
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		8,063
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		10,322
Net pension liability	( 25,961)	
Deferred inflows of resources related to pensions are not reported in the funds	( 6,191)	
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		( 12,926)
Net position in governmental activities		<u>1,060,273</u>

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2021

	<b><u>Major Fund</u></b> <b><u>General</u></b> <b>\$</b>
<b>Revenues</b>	
Ad valorem taxes	127,589
Unrestricted intergovernmental	137,174
Restricted intergovernmental	21,516
Sales and services	51,371
Investment earnings	5,686
Miscellaneous	<u>2,240</u>
Total revenues	<u>345,576</u>
<b>Expenditures</b>	
Current:	
General government	214,521
Public safety	73,566
Transportation	15,548
Environmental protection	<u>9,031</u>
Total expenditures	<u>312,666</u>
Excess of revenues over expenditures	32,910
<b>Other financing sources:</b>	
Sale of capital assets	<u>20,600</u>
Net change in fund balance	53,510
Fund balances, beginning	<u>662,380</u>
Fund balances, ending	<u><u>715,890</u></u>

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2021

\$

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

Net changes in fund balances - total governmental funds	53,510
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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 outlay exceeds depreciation in the current year.

Capital outlay expenditures which were capitalized	23,574	
Depreciation expense for governmental assets	( 13,252)	10,322

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	4,878
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Benefit payment paid and administrative expense for the LEOSSA are not included on the Statement of Activities	473
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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 deferred revenue for tax revenues	( 10,178)	
Change in accrued interest on tax receivables	1,275	
Proceeds from sale of capital assets	( 20,600)	
Loss on junked assets	( 680)	( 30,183)

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	( 1,000)	
Pension expense - LGERS	( 6,145)	
Pension expense - LEO	( 833)	
Proceeds from sale of capital assets	5,625	( 2,353)

Total changes in net position of governmental activities	<u>36,647</u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF BROOKFORD, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2021

	<b>General Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues:</b>				
Ad valorem taxes	100,425	119,392	127,589	8,197
Unrestricted intergovernmental	108,600	112,570	137,174	24,604
Restricted intergovernmental	14,700	13,700	21,516	7,816
Sales and services	47,000	48,300	51,371	3,071
Investment earnings	7,500	6,900	5,686	( 1,214)
Miscellaneous	<u>1,000</u>	<u>800</u>	<u>2,240</u>	<u>1,440</u>
Total revenues	<u>279,225</u>	<u>301,662</u>	<u>345,576</u>	<u>43,914</u>
<b>Expenditures:</b>				
Current:				
General government	185,550	223,287	214,521	8,766
Public safety	82,975	82,975	73,566	9,409
Transportation	11,000	16,087	15,548	539
Environmental protection	<u>9,000</u>	<u>9,000</u>	<u>9,031</u>	<u>( 31)</u>
Total expenditures	<u>288,525</u>	<u>331,349</u>	<u>312,666</u>	<u>18,683</u>
Excess (deficiency) of revenues over (under) expenditures	( 9,300)	( 29,687)	32,910	62,597
<b>Other financing sources:</b>				
Proceeds from sale of capital assets		20,387	20,600	213
Fund balance appropriated	<u>9,300</u>	<u>9,300</u>		<u>( 9,300)</u>
Net change in fund balance	<u>0</u>	<u>0</u>	53,510	<u>53,510</u>
Fund balances, beginning			<u>662,380</u>	
Fund balances, ending			<u>715,890</u>	

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
June 30, 2021

	<b>Major Enterprise Fund Cemetery Fund \$</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	61,511
Accounts receivable	19,021
Inventories	<u>183</u>
Total current assets	<u>80,715</u>
Noncurrent assets:	
Capital assets: (Note 2)	
Land and non-depreciable assets	6,900
Capital assets, net of depreciation	<u>4,174</u>
Total noncurrent assets	<u>11,074</u>
 Total assets	 <u>91,789</u>
 <b>Liabilities</b>	
Current liabilities :	
Accounts payable	<u>64</u>
 <b>Net Position</b>	
Net investment in capital assets	11,074
Unrestricted	<u>80,651</u>
 Total net position of business-type activities	 <u>91,725</u>

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
For the Year Ended June 30, 2021

	<b>Major Enterprise Fund Cemetery Fund \$</b>
<b>Operating Revenues</b>	
Other operating revenues	28,310
<b>Operating Expenses</b>	
Operating expenses	<u>8,857</u>
Operating income	19,453
<b>Nonoperating Revenues (Expenses)</b>	
Investment earnings	<u>12</u>
Change in net position	19,465
Total net position, beginning	<u>72,260</u>
Total net position, ending, business-type activities	<u><u>91,725</u></u>

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended June 30, 2021

	<b>Major Enterprise Fund Cemetery Fund \$</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	17,851
Cash paid for goods and services	( 8,272)
Net cash provided (used) by operating activities	9,579
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	( 3,487)
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	12
Net increase in cash and cash equivalents	6,104
Cash and cash equivalents at beginning of year	55,408
Cash and cash equivalents at end of year	61,512
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income	19,453
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>	
Depreciation	240
Changes in assets and liabilities:	
Decrease in inventory	282
(Increase) in accounts receivable	( 10,459)
Increase in accounts payable	63
Total adjustments	( 9,874)
Net cash provided by operating activities	9,579

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

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## **Notes to the Financial Statements**

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

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

**Note 1.**  
**Summary of Significant**  
**Accounting Policies**

The accounting policies of the Town of Brookford 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 Brookford is a municipal corporation which is governed by an elected Mayor and a four-member council. As required by generally accepted accounting principles, the Town determined there to be no component units required to be presented with the financial statements. There are no separate legal entities for which the Town controls the boards or memberships, requires financial accountability, or is fiscally dependent on 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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental

and enterprise funds are aggregated and reported as nonmajor funds. There are no remaining 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 for public safety, street maintenance and construction, and sanitation services.

The Town reports the following major proprietary fund:

Cemetery Fund - This fund is used to account for the municipal cemetery.

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

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

#### **Government-wide and Proprietary Fund Financial Statements -**

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and

contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a 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 Brookford because the tax is levied

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

#### **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 Cemetery Enterprise Fund. All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

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

##### **Deposits and Investments**

All deposits of the Town are made in board - designated official depositories and are secured as required by State Law [G.S. 159-31]. The Town may designate, as an official depository, any bank or

savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). 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. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

### **Cash and Cash Equivalents**

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

### **Restricted Assets**

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through G.S. 136-41.4.

#### **Town of Brookford Restricted Cash**

Government Activities:

General Fund	Streets	\$ <u>7,860</u>
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### **Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 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. Liens are placed on these taxes as of March 1<sup>st</sup> each year.

### **Inventory and Prepaid Items**

The inventories of the Town's enterprise funds consist of cemetery plots held for resale. The cost of these inventories are expensed when sold rather than when purchased.

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

### **Allowances for Doubtful Accounts**

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

### **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. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets consist of the road network assets. 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	50 - 100
Buildings	67
Improvements	50 - 67
Vehicles	6 - 7
Furniture and equipment	5 - 10
Computer equipment	5



## **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 meets this criterion, contributions made to the pension plan in the 2021 fiscal year.

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

## **Long-Term Obligations**

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

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

The Town's long-term debt consists of accrued vacation pay, net pension obligation, and total pension obligation.

## **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 fund, 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 Balance**

#### **Net Position:**

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

#### **Fund Balances:**

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

The governmental fund types classify fund balances as follows:

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

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 legislature.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Brookford’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Assigned fund balance – portion of fund balance that Town of Brookford intends to use for specific purposes.

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

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

The Town has not adopted a minimum fund balance policy for the general fund.

### **Defined Benefit Cost-Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS)

and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Brookford's employer contributions are recognized when due and the Town of Brookford has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## **Note 2.**

### **Detail Notes on all Funds**

#### **A. Assets**

#### **Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. 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 risks 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 \$709,332 and a bank balance of \$711,483. Of the bank balances of the Town, \$460,934 was covered by federal depository insurance and the remaining amount was collateralized under the Pooling Method. The Town has \$50 in petty cash.

### **Investments**

At June 30, 2021, the Town of Brookford had \$26,385 invested with North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

### **Receivables - Allowance for Doubtful Accounts**

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

<u>Fund</u>	<u>06/30/21</u>
General Fund	
Taxes receivable	\$ <u>8,078</u>

### **Capital Assets**

#### **Primary Government:**

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

	Beginning Balances \$	Increases \$	Decreases \$	Ending Balances \$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	<u>51,975</u>	<u>0</u>	<u>14,975</u>	<u>37,000</u>
Capital assets being depreciated:				
Building and improvements	339,426	16,600	1,599	354,427
Equipment and furniture	60,830	6,974		67,804
Vehicles	61,343			61,343
Infrastructure	<u>264,946</u>			<u>264,946</u>
Total capital assets being depreciated	<u>726,545</u>	<u>23,574</u>	<u>1,599</u>	<u>748,520</u>
Less accumulated depreciation for:				
Buildings and improvements	158,598	5,713	919	163,392
Equipment and furniture	47,336	4,677		52,013
Vehicles	60,845	143		60,988
Infrastructure	<u>149,224</u>	<u>2,719</u>		<u>151,943</u>
Total accumulated depreciation	<u>416,003</u>	<u>13,252</u>	<u>919</u>	<u>428,336</u>
Total capital assets being depreciated, net	<u>310,542</u>			<u>320,184</u>
Governmental activity capital assets, net	<u>362,517</u>			<u>357,184</u>

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

General government	\$ 5,465
Public safety	3,483
Transportation	3,102
Cultural and recreation	<u>1,202</u>
Total depreciation expense	<u>\$ 13,252</u>

	Beginning Balances \$	Increases \$	Decreases \$	Ending Balances \$
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	<u>6,900</u>	<u>0</u>	<u>0</u>	<u>6,900</u>
Capital assets being depreciated:				
Equipment and furniture	10,954	3,487		14,441
Less accumulated depreciation for:				
Equipment and furniture	<u>10,027</u>	<u>240</u>		<u>10,267</u>
Total capital assets being depreciated, net	<u>927</u>			<u>4,174</u>
Business-type activities capital assets, net	<u>7,827</u>			<u>11,074</u>

## B. Liabilities

### Pension Plan Obligations

#### Local Governmental Employees' Retirement System:

Plan description - The Town of Brookford 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 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 Brookford 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 Brookford contractually required



contribution rate for the year ended June 30, 2021, was 10.15% for employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Brookford were \$4,878 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 \$25,014 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 .00070%, which was a decrease of .00007% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$6,145. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,159	\$ -
Changes of assumptions	1,862	-
Net difference between projected and actual earnings on pension plan investments	3,520	-
Changes in proportion and differences between Town contributions and proportionate share of contributions		6,191
Town contributions subsequent to the measurement date	<u>4,878</u>	<u>-</u>
Total	\$ <u><u>13,419</u></u>	\$ <u><u>6,191</u></u>

\$4,878 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2022	\$( 181)
2023	856
2024	632
2025	1,042
2026	-
Thereafter	<u>-</u>
Total	\$ <u><u>2,349</u></u>

#### Actuarial Assumptions

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

Inflation	1.0 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 used mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

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 liability to changes in the discount rate

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 50,751	\$ 25,014	\$ 1,625

#### 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.

The pension net liability at June 30, 2021 was not allocated between governmental type fund and business type fund because retirement contributions made in the business type fund are considered immaterial.

### **Law Enforcement Officers' Special Separation Allowance:**

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

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

Inactive members receiving benefits	1
Active plan members	<u>0</u>
Total membership	<u><u>1</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 are recognized when due and payable in accordance with the terms of the plan.

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

### Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 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-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$946 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 \$947. 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, 2020, the Town recognized pension expense of \$1,625.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>473</u>	<u>-</u>
Total	\$ <u><u>473</u></u>	\$ <u><u>0</u></u>

\$473 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Thereafter	-

Sensitivity of the Town's total pension liability to changes in the discount rate

The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease <u>(0.93%)</u>	Discount Rate <u>(1.93%)</u>	1% Increase <u>(2.93%)</u>
Total pension liability	\$ 941	\$ 947	\$ 954

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

	<u>2021</u>
Beginning balance	\$ 3,678
Service Cost	-
Interest on the total pension liability	74
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	38
Changes of assumptions or other inputs	( 5)
Benefit payments	( 2,838)
Other changes	-
Ending balance of the total pension liability	<u>\$ 947</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 Related to Pensions***

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



	LGERS \$	LEOSSA \$	TOTAL \$
Pension expense	6,145	( 1,625)	4,520
Pension liability	25,014	947	25,961
Proportionate share of the net pension liability	24.6%	(171.6)%	
Deferred of Outflows of Resources			
Differences between expected and actual experience	3,159		3,159
Changes of assumptions	1,862	-	1,862
Net difference between projected and actual earnings on plan investments	3,520	-	3,520
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	4,878	473	5,351
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,191	-	6,191

### **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 the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of

the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. There were no contributions for the year.

### **Other Employment Benefits**

The Town has elected to provide life insurance coverage for all full time employees and the aldermen through State Farm Insurance. Lump sum death benefit payments of \$25,000 will be paid to the beneficiaries of any full time employee or aldermen who die during employment or while serving an elected term. The death benefit reduces to \$15,000 at age 63.

### **Deferred Outflows and Inflows of Resources**

The Town has deferred outflows of resources comprised of the following:

<u>Source</u>	<u>Amount</u>
Differences between expected and actual experience	\$ 3,520
Net difference between projected and actual earnings on pension plan investments	3,159
Changes of assumptions	1,862
Change in proportion and differences between Town contributions and proportionate share of contributions	-
Contributions to pension plan subsequent to measurement date	<u>5,351</u>
Total	\$ <u>13,892</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes	\$ -	\$ -
Taxes Receivable, less penalties (General Fund)	-	10,322
Difference between expected and actual experience	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>6,191</u>	<u>-</u>
Total	\$ <u><u>6,191</u></u>	\$ <u><u>10,322</u></u>

### **Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains workers' compensation coverage up to statutory limits. The pool is reinsured through commercial companies for single occurrence claims up to statutory limits for workers' compensation. Through private carriers, the Town obtains health insurance, general liability and auto liability coverage of \$1 million per occurrence and property coverage up to the total insurance values of the property policy. The Town does not hold any flood insurance. The Town owns no buildings in a designated flood plain area. The finance officer and assistant are individually bonded for \$50,000.

### **Changes in Long Term Liabilities**

	Balance 06/30/20 \$	Increase \$	Decrease \$	Balance 06/30/21 \$	Current Portion \$
Compensated absences	11,926	2,000	1,000	12,926	1,000
Net pension liability (LGERS)	21,028	3,986		25,014	
Total pension liability (LEOS)	<u>3,678</u>	<u>      </u>	<u>2,731</u>	<u>947</u>	<u>      </u>
Governmental activities long-term liabilities	<u><u>36,632</u></u>	<u><u>5,986</u></u>	<u><u>3,731</u></u>	<u><u>38,887</u></u>	<u><u>1,000</u></u>

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

At June 30, 2021, the Town had a legal debt margin of \$1,863,200.

### **C. Fund Balance**

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

<i>Total fund balance – General Fund</i>	<i>\$ 715,890</i>
Less:	
Prepaid expenses	3,770
Stabilization by State Statute	42,213
Streets – Powell Bill	7,860
Appropriated Fund Balance in 2021-2022 Budget	1,000
Unassigned	661,047

### **Note 3. Subsequent Events**

Subsequent events have been evaluated through December 1, 2021. None were noted.

### **Note 4. Summary of 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.

## **Required Supplementary Information**

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

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

**TOWN OF BROOKFORD, NORTH CAROLINA****Town of Brookford's Proportionate Share of Net Pension Liability (Asset)****Required Supplementary Information****Last Eight Fiscal Years \***

	<b>Local Government Employees' Retirement System</b>							
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Brookford's proportion of the net pension liability (asset) (%)	0.00070%	0.00077%	0.00118%	0.00197%	0.00199%	0.00185%	0.00143%	0.00150%
Brookford's proportion of the net pension liability (asset) (\$)	\$ 25,014	\$ 21,028	\$ 27,994	\$ 30,096	\$ 42,235	\$ 8,303	\$( 8,433)	\$ 18,081
Brookford's covered payroll	\$ 48,950	\$ 48,060	\$ 94,092	\$ 107,117	\$ 117,321	\$ 113,174	\$ 82,745	\$ 87,961
Brookford's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.10%	43.75%	29.75%	28.08%	36.00%	7.34%	( 10.19%)	20.56%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

\* The amount 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.

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**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Town of Brookford's Contributions**  
**Required Supplementary Information**  
**Last Eight Fiscal Years**

**Local Government Employees' Retirement System**

	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Contractually required contributions	\$ 4,878	\$ 4,381	\$ 3,725	\$ 7,402	\$ 8,094	\$ 8,029	\$ 8,140	\$ 5,933
Contributions in relation to the contractually required contribution	<u>4,878</u>	<u>4,381</u>	<u>3,725</u>	<u>7,402</u>	<u>8,094</u>	<u>8,029</u>	<u>8,140</u>	<u>5,933</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Brookford's covered payroll	\$ 48,060	\$ 48,950	\$ 48,060	\$ 94,092	\$ 107,177	\$ 117,321	\$ 113,174	\$ 82,745
Contributions as a percentage of covered payroll	10.15%	8.95%	7.75%	7.87%	7.56%	6.84%	7.19%	7.17%



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**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 3,678	\$ 1,934	\$ 2,965	\$ 3,046	\$ 2,268
Service Cost			834	698	673
Interest on the total pension liability	74	2	94	118	81
Difference between expected and actual experience	38	5,520	( 1,977)	( 2,049)	-
Changes of assumptions or other inputs	( 5)	6	18	1,152	24
Benefit payments	( 2,838)	( 3,784)	-	-	-
Other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance of the total pension liability	\$ <u>947</u>	\$ <u>3,678</u>	\$ <u>1,934</u>	\$ <u>2,965</u>	\$ <u>3,046</u>

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

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 947	\$ 3,678	\$ 1,934	\$ 2,965	\$ 3,046
Covered payroll	0	0	0	45,684	49,475
Total pension liability as a percentage of covered payroll	N/A	N/A	N/A	6.49%	6.16%

Notes to the schedules:

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

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## **Individual Fund Statements and Schedules**

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This section contains additional statements required by Local Government Commission of North Carolina.

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**TOWN OF BROOKFORD, NORTH CAROLINA****General Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual**

For the Year Ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>Positive</b>
			<b>(Negative)</b>
			<b>\$</b>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	110,737	116,610	5,873
Prior years	7,190	8,840	1,650
Penalties and interest	<u>1,465</u>	<u>2,139</u>	<u>674</u>
Total	<u>119,392</u>	<u>127,589</u>	<u>8,197</u>
Unrestricted intergovernmental:			
Local option sales tax	96,100	120,417	24,317
Telecommunications sales tax	890	907	17
Utilities sales tax	10,286	10,484	198
Piped natural gas sales tax	785	800	15
Video franchise fee	2,939	2,996	57
Beer and wine tax	<u>1,570</u>	<u>1,570</u>	
Total	<u>112,570</u>	<u>137,174</u>	<u>24,604</u>
Restricted intergovernmental:			
Powell Bill allocation	13,500	13,528	28
Solid waste disposal fee	200	281	81
Coronavirus Relief Fund Grant	<u></u>	<u>7,707</u>	<u>7,707</u>
Total	<u>13,700</u>	<u>21,516</u>	<u>7,816</u>
Sales and services:			
Rents	28,600	29,128	528
County waste disposal fees	19,000	21,538	2,538
Vending machine sales	<u>700</u>	<u>705</u>	<u>5</u>
Total	<u>48,300</u>	<u>51,371</u>	<u>3,071</u>
Investment earnings	<u>6,900</u>	<u>5,686</u>	( <u>1,214</u> )
Miscellaneous	<u>800</u>	<u>2,240</u>	<u>1,440</u>
Total revenues	<u>301,662</u>	<u>345,576</u>	<u>43,914</u>

**TOWN OF BROOKFORD, NORTH CAROLINA****General Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual**

For the Year Ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>Positive</b>
			<b>(Negative)</b>
			<b>\$</b>
<b>Expenditures:</b>			
General government:			
Administration:			
Salaries and employee benefits	90,900	88,494	2,406
Professional services	7,600	6,658	942
Telephone and postage	3,750	3,240	510
Supplies and materials	1,900	1,889	11
Contracted services	5,200	5,608	( 408)
General insurance and bonds	9,965	9,870	95
Other operating expenses	<u>5,085</u>	<u>3,689</u>	<u>1,396</u>
Total administration	<u>124,400</u>	<u>119,448</u>	<u>4,952</u>
Public buildings:			
Maintenance and repair	4,000	3,558	442
Utilities	19,000	18,730	270
Supplies and materials	1,500	1,080	420
Capital outlay	16,900	16,600	300
Other operating expenses	<u>750</u>	<u>454</u>	<u>296</u>
Total public buildings	<u>42,150</u>	<u>40,422</u>	<u>1,728</u>
Public works:			
Salaries and employee benefits	22,250	22,127	123
Contracted services	20,000	19,311	689
Automotive supplies	8,300	7,393	907
Supplies and materials	2,700	2,333	367
Capital outlay	<u>3,487</u>	<u>3,487</u>	<u>0</u>
Total public works	<u>56,737</u>	<u>54,651</u>	<u>2,086</u>
Total general government	<u>223,287</u>	<u>214,521</u>	<u>8,766</u>



**TOWN OF BROOKFORD, NORTH CAROLINA****General Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual**

For the Year Ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>Positive (Negative)</b>
			<b>\$</b>
Public safety:			
Police department:			
Salaries and employee benefits	63,700	53,481	10,219
Telephone and postage	1,500	1,153	347
Automotive supplies	4,500	4,470	30
Contracted fire services	10,350	10,102	248
Other operating expenses	<u>2,925</u>	<u>4,360</u>	( <u>1,435</u> )
Total public safety	<u>82,975</u>	<u>73,566</u>	<u>9,409</u>
Transportation:			
Street maintenance	11,600	11,515	85
Capital outlay	3,487	3,487	
Other operating expenses	<u>1,000</u>	<u>546</u>	<u>454</u>
Total transportation	<u>16,087</u>	<u>15,548</u>	<u>539</u>
Environmental protection:			
Garbage, collection, landfill fees	<u>9,000</u>	<u>9,031</u>	( <u>31</u> )
Total expenditures	<u>331,349</u>	<u>312,666</u>	<u>18,683</u>
Revenues over (under) expenditures	( 29,687)	32,910	62,597
Other financing sources:			
Proceeds from sale of capital assets	20,387	20,600	213
Fund balance appropriated	<u>9,300</u>	<u>          </u>	( <u>9,300</u> )
Net change in fund balance	<u>0</u>	53,510	<u>53,510</u>
Fund balances, beginning		<u>662,380</u>	
Fund balances, ending		<u>715,890</u>	

**TOWN OF BROOKFORD, NORTH CAROLINA****Cemetery Fund****Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2021

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenues:</b>			
Operating revenues:			
Sale of cemetery plots, markers	12,487	28,300	15,813
Nonoperating revenue:			
Interest on investments		12	12
Miscellaneous revenue	<u>          </u>	<u>10</u>	<u>10</u>
Total revenues	<u>12,487</u>	<u>28,322</u>	<u>15,835</u>
<b>Expenditures:</b>			
Operating expenditures:			
Salaries and benefits	4,000	3,757	243
Maintenance and repairs – grounds	5,500	5,323	177
Professional services	500	500	
Capital outlay	<u>3,487</u>	<u>3,487</u>	<u>          </u>
Total expenditures	<u>13,487</u>	<u>13,067</u>	<u>420</u>
Revenues over (under) expenditures	( 1,000)	15,255	16,255
Retained earnings appropriated	<u>1,000</u>	<u>          </u>	<u>( 1,000)</u>
Revenues over expenditures and retained earnings appropriated	<u>0</u>	15,255	<u>15,255</u>

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

Cost of sales	( 282)
Depreciation	( 240)
Capital outlay	<u>4,732</u>
Change in net position	<u>19,465</u>

## **Other Schedules**

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This section contains additional information on property taxes.

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\* **Schedule of Ad Valorem Taxes Receivable**

\* **Analysis of Current Tax Levy**

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**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2021

	<b>Uncollected Balance June 30, 2020 \$</b>	<b>Additions \$</b>	<b>Collections \$</b>	<b>Discoveries Abatements Adjustments \$</b>	<b>Uncollected Balance June 30, 2021 \$</b>
Fiscal Year					
2020 - 2021		121,141	116,610	( 33)	4,498
2019 - 2020	7,913		5,403	( 1)	2,509
2018 - 2019	2,413		1,379	( 1)	1,033
2017 - 2018	1,303		553		750
2016 - 2017	949		195		754
2015 - 2016	740		92		648
2014 - 2015	519				519
2013 - 2014	1,984		65		1,919
2012 - 2013	2,860		502		2,358
2011 - 2012	3,834		345	( 77)	3,412
2010 - 2011	<u>4,433</u>		<u>306</u>	( 4,127)	<u>0</u>
Total	<u>26,948</u>	<u>121,141</u>	<u>125,450</u>	( 4,239)	18,400
Less, allowance for uncollectibles					( 8,080)
Ad valorem taxes receivable – net					<u>10,320</u>
<b>Reconciliation with revenues:</b>					
Taxes - ad valorem - General Fund - current year					116,610
Taxes - ad valorem - General Fund - prior years					<u>8,840</u>
Total					<u>125,450</u>

**TOWN OF BROOKFORD, NORTH CAROLINA**  
**Analysis of Current Tax Levy**  
June 30, 2021

	<b>Town Wide</b>			<b>Total Levy</b>	
	<u>Property Valuation</u> \$	<u>Rate</u>	<u>Total Levy</u> \$	Property excluding Registered Motor Vehicles \$	Registered Motor Vehicles \$
<b>Original Levy:</b>					
Property tax at current year's rate	23,296,346	.52	121,141	108,077	13,064
Releases, refunds, additions and adjustments	( 6,346)		( 33)	( 1)	( 32)
Total property valuation	<u>23,290,000</u>				
Net levy			121,108	108,076	13,032
Uncollected taxes at June 30, 2021			( 4,498)	( 4,498)	0
Current year's taxes collected			<u>116,610</u>	<u>103,578</u>	<u>13,032</u>
Current levy collection percentage			<u>96.29%</u>	<u>95.84%</u>	<u>100.00%</u>

