

**REVIEWED**

*By SLGFD at 10:54 am, Feb 04, 2022*

**TOWN OF CHADBOURN, NORTH CAROLINA**

Report of Audit

For the Fiscal Year Ended June 30, 2021



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

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## ***Financial Section***

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chadbourn, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Chadbourn's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the West Columbus ABC Board were not audited in accordance with Government Auditing Standards.

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 design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

## ***Opinions***

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021 on our consideration of Town of Chadbourn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Chadbourn's internal control over financial reporting and compliance.

***W Greene PLLC***

Whiteville, North Carolina  
December 28, 2021



As management of the Town of Chadbourn, we offer readers of the Town of Chadbourn's financial statements this narrative overview and analysis of the financial activities of the Town of Chadbourn for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

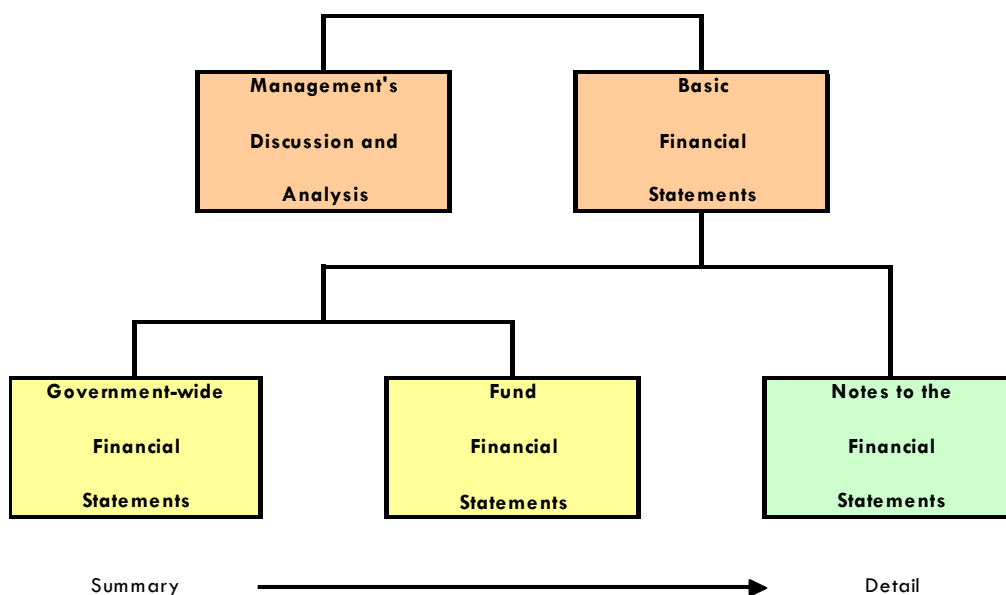
- The assets and deferred outflows of resources of the Town of Chadbourn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,125,934 (net position).
- The government's total net position decreased by \$35,759, primarily due to a decrease in the business-type activities.
- As of the close of the current fiscal year, the Town of Chadbourn's governmental funds reported combined ending fund balances of \$2,439,716, with an increase of \$210,210 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,199,037 or 146 percent of total general fund expenditures for the fiscal year.

### Overview of the Financial Statements

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

#### Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (pages 20 through 23) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 24 through 35) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; and 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as administration, public safety, streets and highways, and inspections. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Chadbourn. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are on pages 20 through 23 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 Chadbourn, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Chadbourn can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a

result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 36 through 69 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Chadbourn's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 72 of this report.

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

## Government-Wide Financial Analysis

## The Town of Chadbourn's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,576,451	\$ 2,489,306	\$ 2,331,083	\$ 2,190,499	\$ 4,907,534	\$ 4,679,805
Capital assets	2,211,103	2,233,604	1,653,847	12,029,959	13,864,950	14,263,563
Deferred outflows of resources	181,530	122,926	64,965	42,590	246,495	165,516
Total assets and deferred outflows of resources	4,969,084	4,845,836	14,049,895	14,263,048	19,018,979	19,108,884
Long-term liabilities outstanding	345,829	226,270	3,220,507	3,304,249	3,566,336	3,530,519
Other liabilities	28,635	-	225,242	186,851	253,877	186,851
Deferred inflows of resources	68,099	223,130	4,733	6,691	72,832	229,821
Total liabilities and deferred inflows of resources	442,563	449,400	3,450,482	3,497,791	3,893,045	3,947,191
Net position:						
Net investment in capital assets	2,211,103	2,233,604	8,427,847	8,699,519	10,638,950	10,933,123
Restricted	195,952	195,265	-	-	195,952	195,265
Unrestricted	2,119,466	1,967,567	2,171,566	2,065,738	4,291,032	4,033,305
Total net position	\$ 4,526,521	\$ 4,396,436	\$ 10,599,413	\$ 10,765,257	\$ 15,125,934	\$ 15,161,693
Total Liabilities and Net Position	4,969,084	4,845,836	14,049,895	14,263,048	19,018,979	19,108,884

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Chadbourn exceeded liabilities and deferred inflows by \$15,125,934 as of June 30, 2021. The Town's net position decreased by \$35,759 for the fiscal year ended June 30, 2021. However, the largest portion (70.34%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Chadbourn uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Chadbourn's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Chadbourn's net position \$195,952 represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$4,291,032 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 95.01%. The statewide average in fiscal year 2021 was 98.96%.

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

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 288,341	\$ 278,244	\$ 876,009	\$ 855,264	\$ 1,164,350	\$ 1,133,508
Operating grants and contributions	229,443	319,714	-	104,900	229,443	424,614
Capital grants and contributions	-	-	79,160	78,205	79,160	78,205
General Revenues						
Property taxes	528,283	506,958	-	-	528,283	506,958
Other taxes	613,606	569,789	-	-	613,606	569,789
Other	43,364	139,653	1514	97,444	44,878	237,097
Total revenues	1,703,037	1,814,358	956,683	1,135,813	2,659,720	2,950,171
Expenses:						
Governing Body	46,055	73,788	-	-	46,055	73,788
Administration	364,580	307,428	-	-	364,580	307,428
Civic Center	4,966	5,549	-	-	4,966	5,549
Public Buildings	11,768	11,562	-	-	11,768	11,562
Police	628,704	610,368	-	-	628,704	610,368
Inspections	51414	34,140	-	-	51414	34,140
Fire	19,938	29,916	-	-	19,938	29,916
Street Department	183,356	185,546	-	-	183,356	185,546
Powell Bill	50,077	168,182	-	-	50,077	168,182
Sanitation	196,292	194,524	-	-	196,292	194,524
Recreation	15,802	23,885	-	-	15,802	23,885
Special Appropriations	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	575,896	565,378	575,896	565,378
Sewer	-	-	538,472	514,422	538,472	514,422
Stormwater	-	-	8,159	117,671	8,159	117,671
Total expenses	1,572,952	1,644,888	1,122,527	1,197,471	2,695,479	2,842,359
Increase(Decrease) in net position before transfers	130,085	169,470	(165,844)	(61,658)	(35,759)	107,812
Transfers	-	-	-	-	-	-
Change in net position	130,085	169,470	(165,844)	(61,658)	(35,759)	107,812
Net position, beginning	4,396,436	4,226,966	10,765,257	10,826,915	15,161,693	15,053,881
Net position, June 30	\$ 4,526,521	\$ 4,396,436	\$ 10,599,413	\$ 10,765,257	\$ 15,125,934	\$ 15,161,693

**Governmental activities.** Governmental activities increased the Town's net position by \$130,085. Key element of this increase is as follows:

- Revenues continue to exceed expenditures. Property taxes and other tax revenue increased over the previous year and total expenditures decreased from the prior year.

**Business-type activities.** Business-type activities decreased the Town of Chadbourn's net position by \$165,844, primarily due to a decrease in grant revenues.

### Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Chadbourn. At the end of the current fiscal year, Town of Chadbourn's fund balance available in the General Fund was \$2,266,160, while total fund balance reached \$2,439,716. The Town currently has an available fund balance of 150.50 percent of total General Fund expenditures, while total fund balance represents 162.02 percent of the same amount.

At June 30, 2021, the governmental funds of Town of Chadbourn reported a combined fund balance of \$2,439,716, with a net increase in fund balance of \$210,210. Included in this change in fund balance is an increase in fund balance in the General Fund.

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

Revenues were less than the budgeted amounts primarily because the intergovernmental revenues were less than budgeted. Expenditures were held in check to comply with budgetary requirements.

**Proprietary Funds.** The Town of Chadbourn's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Proprietary Funds at the end of the fiscal year amounted to \$2,171,566. The total change in net position for the Proprietary Funds was a decrease of \$165,844.

## Capital Asset and Debt Administration

**Capital assets.** The Town of Chadbourn's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$13,864,950 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include the following:

- Equipment in Governmental activities.
- Land in the Governmental activities.

### The Town of Chadbourn's Capital Assets

Figure 4

(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 192,628	\$ 117,520	\$ -	\$ -	\$ 192,628	\$ 117,520
Construction in Progress	-	-	-	-	-	-
Buildings	1,069,485	1,099,916	-	-	1,069,485	1,099,916
Vehicles and Equipment	186,205	231,778	186,694	242,471	372,899	474,249
Infrastructure	762,785	781,390	11,467,153	11,787,488	12,229,938	12,568,878
Total	\$ 2,211,103	\$ 2,230,604	\$ 11,653,847	\$ 12,029,959	\$ 13,864,950	\$ 14,260,563

Additional information on the Town's capital assets can be found on page 46 in the Notes to the Financial Statements.

**Long-term Debt.** As of June 30, 2021, the Town of Chadbourn had total debt outstanding of \$3,698,336. Of this, \$1,565,000 is debt backed by the full faith and credit of the Town of Chadbourn.

### The Town of Chadbourn's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment Purchases	\$ -	\$ -	\$ -	\$ 28,440	\$ -	\$ 28,440
General Obligation Debt	-	-	1,565,000	1,613,000	1,565,000	1,613,000
BAN's	-	-	-	-	-	-
Revenue Bonds	-	-	1,661,000	1,689,000	1,661,000	1,689,000
Compensated absences	29,281	30,507	14,905	6,996	44,186	37,503
OPEB	9,049	6,376	4,471	3,744	13,520	10,120
Pension related debt (LGERS)	269,508	172,173	107,131	64,052	376,639	236,225
Pension related debt (LEO)	37,991	17,214	-	-	37,991	17,214
Total	\$ 345,829	\$ 226,270	\$ 3,352,507	\$ 3,405,232	\$ 3,698,336	\$ 3,631,502

The Town of Chadbourn's total debt increased by \$66,834 during the fiscal year, primarily due to increases in pension related debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Chadbourn is \$6,403,049. The Town of Chadbourn does not have any authorized but un-issued debt at June 30, 2021.

Additional information regarding the Town of Chadbourn's long-term debt can be found beginning on page 66 in the Notes to the Financial Statements.

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

The following key economic indicators reflect the current status of the Town.

- Population growth. The Town's stagnant population growth is primarily due to lack of industry to support jobs.
- Revenue. The Town's revenues will continue to be negatively impacted by the Covid-19 pandemic.

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

**Governmental Activities.** There is no increase in property taxes and fund balance was appropriated in the amount of \$44,727.

**Business-type Activities.** Water and Sewer rates in the Town are not expected to increase for the next year.



**Requests for Information**

This report is designed to provide an overview of the Town 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 following:

**Patricia Garrell  
Finance Director  
Town of Chadbourn  
602 N. Brown Street  
Chadbourn, NC 28431**



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

## ***Basic Financial Statements***

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# TOWN OF CHADBOURN, NORTH CAROLINA

## Statement of Net Position

June 30, 2021

	Primary Government			West Columbus
	Governmental	Business-Type	Total	ABC Board
	Activities	Activities		
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 2,272,399	\$ 2,125,490	\$ 4,397,889	\$ 245,768
Receivables (net):				
Ad Valorem Taxes	73,352	-	73,352	-
Interest	25,690	-	25,690	-
Accounts	18,616	123,561	142,177	-
Inventories	-	-	-	98,009
Prepaid Expenses	-	-	-	-
Due from Component Unit	-	-	-	-
Due from Other Governments	154,940	-	154,940	-
Deposits	-	-	-	-
Restricted Cash and Cash Equivalents	31,454	82,032	113,486	-
Total Current Assets	2,576,451	2,331,083	4,907,534	343,777
Noncurrent Assets:				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	192,628	-	192,628	77,702
Other Capital Assets, Net of Depreciation	2,018,475	11,653,847	13,672,322	270,721
Total Noncurrent Assets	2,211,103	11,653,847	13,864,950	348,423
<b>Total Assets</b>	<b>\$ 4,787,554</b>	<b>\$ 13,984,930</b>	<b>\$ 18,772,484</b>	<b>\$ 692,200</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Deferrals	181,530	64,965	246,495	19,057
Total Deferred Outflows of Resources	\$ 181,530	\$ 64,965	\$ 246,495	\$ 19,057

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Net Position (Continued)

June 30, 2021

	Primary Government			West Columbus ABC Board
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 28,635	\$ 11,210	\$ 39,845	\$ 25,512
Customer Deposits	-	82,032	82,032	-
Prepaid Water Billings	-	-	-	-
Due to Primary Government	-	-	-	-
Distributions Payable	-	-	-	4,082
Current Portion of Long-Term Liabilities	-	132,000	132,000	10,275
Total Current Liabilities	28,635	225,242	253,877	39,869
Long-Term Liabilities:				
Net Pension Liability	269,508	107,131	376,639	18,582
Total Pension Liability	37,991	-	37,991	-
Total OPEB Liability	9,049	4,471	13,520	-
Due in More Than One year	29,281	3,108,905	3,138,186	178,402
Total Long-Term Liabilities	345,829	3,220,507	3,566,336	196,984
Total Liabilities	374,464	3,445,749	3,820,213	236,853
DEFERRED INFLOWS OF RESOURCES				
Prepaid Taxes	-	-	-	-
Deferred Grants	9,058	-	9,058	-
Pension Deferrals	56,100	3,279	59,379	-
OPEB Deferrals	2,941	1,454	4,395	-
Total Deferred Inflows of Resources	68,099	4,733	72,832	-
NET POSITION				
Net Investment in Capital Assets	2,211,103	8,427,847	10,638,950	174,613
Restricted for:				
Transportation	22,396	-	22,396	-
Stabilization by State Statute	173,556	-	173,556	-
Capital Improvements	-	-	-	-
Working Capital	-	-	-	33,501
Unrestricted	2,119,466	2,171,566	4,291,032	266,290
Total Net Position	\$ 4,526,521	\$ 10,599,413	\$ 15,125,934	\$ 474,404

# TOWN OF CHADBOURN, NORTH CAROLINA

## Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Governing Body	\$ 46,055	\$ -	\$ -	\$ -
Administration	364,580	330	-	-
Civic Center	4,966	-	-	-
Public Buildings	11,768	-	-	-
Police	628,704	-	3,000	-
Inspections	51,414	7,630	-	-
Fire	19,938	-	-	-
Street Department	183,356	-	169,216	-
Powell Bill	50,077	-	55,923	-
Sanitation	196,292	279,881	1,304	-
Recreation	15,802	500	-	-
Interest on long-term debt	-	-	-	-
Total Governmental Activities	1,572,952	288,341	229,443	-
Business-Type Activities:				
Water	575,896	420,701	-	49,810
Sewer	538,472	424,336	-	29,350
Stormwater	8,159	30,972	-	-
Total Business-Type Activities	1,122,527	876,009	-	79,160
Total Primary Government	2,695,479	1,164,350	229,443	79,160
Component Units:				
West Columbus ABC Board	1,029,545	1,112,328	-	-
Total Component Units	\$ 1,029,545	\$ 1,112,328	\$ -	\$ -

# TOWN OF CHADBOURN, NORTH CAROLINA

## Statement of Activities (Continued)

For the Year Ended June 30, 2021

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
Functions/Programs	Governmental Activities	Business-Type Activities	Totals	West Columbus ABC Board
Primary Government:				
Governmental Activities:				
Governing Body	\$ (46,055)	\$ -	\$ (46,055)	\$ -
Administration	(364,250)	-	(364,250)	-
Civic Center	(4,966)	-	(4,966)	-
Public Buildings	(11,768)	-	(11,768)	-
Police	(625,704)	-	(625,704)	-
Inspections	(43,784)	-	(43,784)	-
Fire	(19,938)	-	(19,938)	-
Street Department	(14,140)	-	(14,140)	-
Powell Bill	5,846	-	5,846	-
Sanitation	84,893	-	84,893	-
Recreation	(15,302)	-	(15,302)	-
Interest on long-term debt	-	-	-	-
Total Governmental Activities	(1,055,168)	-	(1,055,168)	-
Business-Type Activities:				
Water	-	(105,385)	(105,385)	-
Sewer	-	(84,786)	(84,786)	-
Stormwater	-	22,813	22,813	-
Total Business-Type Activities	-	(167,358)	(167,358)	-
Total Primary Government	(1,055,168)	(167,358)	(1,222,526)	-
Component Units:				
West Columbus ABC Board	-	-	-	82,783
Total Component Units	-	-	-	82,783
General Revenues:				
Property Taxes, Levied for General Purpose	528,283	-	528,283	-
Other Taxes and Licenses	613,606	-	613,606	-
Investment Earnings	11,951	334	12,285	492
Miscellaneous	31,413	1,180	32,593	850
Transfers	-	-	-	-
Total General Revenues and Transfers	1,185,253	1,514	1,186,767	1,342
Change in Net Position	130,085	(165,844)	(35,759)	84,125
Net Position - Beginning of Year	4,396,436	10,765,257	15,161,693	390,279
Net Position - End of Year	\$ 4,526,521	\$ 10,599,413	\$ 15,125,934	\$ 474,404

**TOWN OF CHADBOURN, NORTH CAROLINA**

Balance Sheet

Governmental Funds

June 30, 2021

	<b>Major Funds</b>	
	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,272,399	\$ 2,272,399
Restricted Cash	31,454	31,454
Receivables (net):		
Ad Valorem Taxes	73,352	73,352
Sanitation	18,616	18,616
Due from Other Governments	154,940	154,940
<b>Total Assets</b>	<b>2,550,761</b>	<b>2,550,761</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	28,635	28,635
<b>Total Liabilities</b>	<b>28,635</b>	<b>28,635</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Receivable	73,352	73,352
Deferred Grants	9,058	9,058
Prepaid Taxes	-	-
<b>Total Deferred Inflows of Resources</b>	<b>82,410</b>	<b>82,410</b>
<b>FUND BALANCES</b>		
Restricted		
Stabilization by State Statute	173,556	173,556
Streets	22,396	22,396
Assigned		
Subsequent Year's Expenditures:	44,727	44,727
Unassigned	2,199,037	2,199,037
<b>Total Fund Balances</b>	<b>2,439,716</b>	<b>2,439,716</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,550,761</b>	



**TOWN OF CHADBOURN, NORTH CAROLINA**

Balance Sheet (Continued)

Governmental Funds

June 30, 2021

		<b>Total Governmental Funds</b>
<hr/>		
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Governmental Fund Balance		\$ 2,439,716
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	3,247,622	
Accumulated depreciation	<u>(1,036,519)</u>	2,211,103
Deferred outflows of resources related to pensions & OPEB are not reported in the funds		181,530
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes	<u>25,690</u>	25,690
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem taxes	<u>73,352</u>	73,352
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchases	-	
Capital lease purchases	-	
OPEB liability	(9,049)	
Compensated absences	(29,281)	
Net pension liability	(269,508)	
Total pension liability	<u>(37,991)</u>	(345,829)
Deferred inflows of resources related to OPEB are not reported in the funds		(2,941)
Deferred inflows of resources related to pensions are not reported in the funds		(56,100)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds		<u>-</u>
<b>Net position of governmental activities</b>		<b><u>\$ 4,526,521</u></b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2021

	<b>Major Funds</b>	
	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>		
Ad Valorem Taxes	\$ 541,255	\$ 541,255
Other Taxes and Licenses	330	330
Unrestricted Intergovernmental	613,606	613,606
Restricted Intergovernmental	229,443	229,443
Permits and Fees	7,630	7,630
Sales and Services	280,381	280,381
Investment Earnings	11,951	11,951
Miscellaneous	24,250	24,250
<b>Total Revenues</b>	<b>1,708,846</b>	<b>1,708,846</b>
<b>Expenditures</b>		
Current		
Governing Body	46,055	46,055
Administration	306,405	306,405
Civic Center	4,966	4,966
Public Buildings	11,768	11,768
Police	562,311	562,311
Inspections	51,414	51,414
Fire	19,938	19,938
Street Department	155,273	155,273
Powell Bill	50,077	50,077
Sanitation	196,292	196,292
Recreation	13,602	13,602
Debt Service		
Principal	-	-
Interest and Other charges	-	-
Capital Outlay		
Administration	12,590	12,590
Public Buildings	75,108	75,108
Police	-	-
Street	-	-
<b>Total Expenditures</b>	<b>1,505,799</b>	<b>1,505,799</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>203,047</b>	<b>203,047</b>
<b>Other Financing Sources (Uses)</b>		
Transfers from Other Funds	-	-
Transfers to Other Funds	-	-
Sale of Assets	7,163	7,163
Installment purchase obligation issued	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>7,163</b>	<b>7,163</b>
<b>Net Change in Fund Balance</b>	<b>210,210</b>	<b>210,210</b>
<b>Fund Balance - Beginning of Year</b>	<b>2,229,506</b>	<b>2,229,506</b>
<b>Fund Balance - End of Year</b>	<b>\$ 2,439,716</b>	<b>\$ 2,439,716</b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

## 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	\$	210,210
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures which were capitalized	87,698	
Depreciation expense	<u>(110,199)</u>	(22,501)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		49,924
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in unavailable revenue for tax revenues	(10,352)	
Interest earned on ad valorem taxes	<u>(2,620)</u>	(12,972)

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

Debt issuance	-	
Debt retirement	-	
Increase in accrued interest payable	<u>-</u>	-

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:

OPEB plan expense	(1,482)	
Compensated absences	1,226	
Pension expense	<u>(94,320)</u>	(94,576)

Total changes in net position of governmental activities	<u>\$</u>	<u>130,085</u>
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# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

**TOWN OF CHADBOURN, NORTH CAROLINA**

## General Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balance

## Budget and Actual

For the Year Ended June 30, 2021

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues</b>				
Ad Valorem Taxes	\$ 470,950	\$ 470,950	\$ 541,255	\$ 70,305
Other Taxes and Licenses	500	500	330	(170)
Unrestricted Intergovernmental	553,800	553,800	613,606	59,806
Restricted Intergovernmental	64,300	459,894	229,443	(230,451)
Permits and Fees	6,400	6,400	7,630	1,230
Sales and Services	272,500	272,500	280,381	7,881
Investment Earnings	12,000	12,000	11,951	(49)
Miscellaneous	17,275	20,821	24,250	3,429
<b>Total Revenues</b>	<b>1,397,725</b>	<b>1,796,865</b>	<b>1,708,846</b>	<b>(88,019)</b>
<b>Expenditures</b>				
Governing Body	48,209	46,209	46,055	154
Administration	274,764	583,364	318,995	264,369
Civic Center	7,100	7,100	4,966	2,134
Public Buildings	49,692	149,471	86,876	62,595
Police	568,186	578,160	562,311	15,849
Inspections	30,025	59,085	51,414	7,671
Fire	42,508	42,508	19,938	22,570
Street Department	94,883	170,608	155,273	15,335
Powell Bill	60,000	55,923	50,077	5,846
Sanitation	228,000	228,000	196,292	31,708
Recreation	28,450	28,450	13,602	14,848
Contingency	-	-	-	-
<b>Total Expenditures</b>	<b>1,431,817</b>	<b>1,948,878</b>	<b>1,505,799</b>	<b>443,079</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(34,092)</b>	<b>(152,013)</b>	<b>203,047</b>	<b>355,060</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Sale of Assets	-	-	7,163	7,163
Installment purchase obligation issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>7,163</b>	<b>7,163</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(34,092)</b>	<b>(152,013)</b>	<b>210,210</b>	<b>362,223</b>
<b>Appropriated Fund Balance</b>	<b>34,092</b>	<b>152,013</b>	<b>-</b>	<b>(152,013)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>210,210</b>	<b>\$ 210,210</b>
<b>Fund Balance - Beginning of Year</b>			<b>2,229,506</b>	
<b>Fund Balance - End of Year</b>			<b>\$ 2,439,716</b>	

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Fund Net Position

## Proprietary Fund

June 30, 2021

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 1,118,368	\$ 832,136	\$ 174,986	\$ 2,125,490
Accounts Receivable (net)	65,511	55,932	2,118	123,561
Restricted Cash and Cash Equivalents	56,306	25,726	-	82,032
<b>Total Current Assets</b>	<b>1,240,185</b>	<b>913,794</b>	<b>177,104</b>	<b>2,331,083</b>
<b>Noncurrent Assets</b>				
Capital Assets				
Other Capital Assets, Net of				
Depreciation	5,913,837	5,730,725	9,285	11,653,847
Total Capital Assets	5,913,837	5,730,725	9,285	11,653,847
<b>Total Noncurrent Assets</b>	<b>5,913,837</b>	<b>5,730,725</b>	<b>9,285</b>	<b>11,653,847</b>
<b>Total Assets</b>	<b>7,154,022</b>	<b>6,644,519</b>	<b>186,389</b>	<b>13,984,930</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension & OPEB Deferrals	53,428	11,537	-	64,965
<b>Total Deferred Outflows of Resources</b>	<b>\$ 53,428</b>	<b>\$ 11,537</b>	<b>\$ -</b>	<b>\$ 64,965</b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Fund Net Position (Continued)

## Proprietary Fund

June 30, 2021

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable and				
Accrued Liabilities	\$ 1,974	\$ 9,236	\$ -	\$ 11,210
Customer Deposits	56,306	25,726	-	82,032
Due to Other Funds	-	-	-	-
Installment Purchase Obligations Payable	-	-	-	-
Revenue Bonds Payable	9,000	20,000	-	29,000
General Obligations Bonds Payable	-	103,000	-	103,000
<b>Total Current Liabilities</b>	<b>67,280</b>	<b>157,962</b>	<b>-</b>	<b>225,242</b>
<b>Noncurrent Liabilities</b>				
Installment Purchase Obligation Payable	-	-	-	-
Revenue Bonds Payable	560,000	1,072,000	-	1,632,000
General Obligations Bonds Payable	-	1,462,000	-	1,462,000
Compensated Absences Payable	14,905	-	-	14,905
Net Pension Liability	88,139	18,992	-	107,131
Total OPEB Liability	3,505	966	-	4,471
<b>Total Noncurrent Liabilities</b>	<b>666,549</b>	<b>2,553,958</b>	<b>-</b>	<b>3,220,507</b>
<b>Total Liabilities</b>	<b>733,829</b>	<b>2,711,920</b>	<b>-</b>	<b>3,445,749</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Deferrals	2,698	581	-	3,279
OPEB Deferrals	1,140	314	-	1,454
<b>Total Deferred Inflows of Resources</b>	<b>3,838</b>	<b>895</b>	<b>-</b>	<b>4,733</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,344,837	3,073,725	9,285	8,427,847
Unrestricted	1,124,946	869,516	177,104	2,171,566
<b>Total Net Position</b>	<b>\$ 6,469,783</b>	<b>\$ 3,943,241</b>	<b>\$ 186,389</b>	<b>\$ 10,599,413</b>



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina



**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Revenues, Expenses, and Changes in Fund Net Position

## Proprietary Fund

For the Year Ended June 30, 2021

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Operating Revenues</b>				
Water Charges	\$ 386,231	\$ -	\$ -	\$ 386,231
Sewer Charges	-	424,336	-	424,336
Taps and Reconnect Fees	8,357	-	-	8,357
Reserve Assessments	26,113	-	-	26,113
Stormwater Fees	-	-	30,972	30,972
<b>Total Operating Revenues</b>	<b>420,701</b>	<b>424,336</b>	<b>30,972</b>	<b>876,009</b>
<b>Operating Expenses</b>				
Water Operations	361,758	-	-	361,758
Wastewater Treatment	-	140,267	-	140,267
Sewer Operations	-	119,634	-	119,634
Stormwater	-	-	5,633	5,633
Depreciation	197,135	176,451	2,526	376,112
<b>Total Operating Expenses</b>	<b>558,893</b>	<b>436,352</b>	<b>8,159</b>	<b>1,003,404</b>
<b>Operating Income (Loss)</b>	<b>(138,192)</b>	<b>(12,016)</b>	<b>22,813</b>	<b>(127,395)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Earnings	178	156	-	334
Miscellaneous	1,180	-	-	1,180
Interest Expense	(17,003)	(102,120)	-	(119,123)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(15,645)</b>	<b>(101,964)</b>	<b>-</b>	<b>(117,609)</b>
<b>Total Income (Loss) Before Contributions and Transfers</b>	<b>(153,837)</b>	<b>(113,980)</b>	<b>22,813</b>	<b>(245,004)</b>
Capital Contributions	49,810	29,350	-	79,160
Transfers from Other Funds	24,608	-	-	24,608
Transfers to Other Funds	-	(24,608)	-	(24,608)
<b>Change in Net Position</b>	<b>(79,419)</b>	<b>(109,238)</b>	<b>22,813</b>	<b>(165,844)</b>
<b>Net Position - Beginning of Year</b>	<b>6,549,202</b>	<b>4,052,479</b>	<b>163,576</b>	<b>10,765,257</b>
<b>Net Position - End of Year</b>	<b>\$ 6,469,783</b>	<b>\$ 3,943,241</b>	<b>\$ 186,389</b>	<b>\$ 10,599,413</b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Statement of Cash Flows

## Proprietary Fund

For the Year Ended June 30, 2021

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Totals
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 422,090	\$ 420,347	\$ 30,841	\$ 873,278
Cash Paid for Goods and Services	(139,749)	(227,480)	(5,633)	(372,862)
Cash Paid to Employees for Services	(198,813)	(23,636)	-	(222,449)
Customer Deposits Received	10,260	9,360	-	19,620
Customer Deposits Returned	(10,095)	(6,750)	-	(16,845)
Miscellaneous Income	1,180	-	-	1,180
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>84,873</b>	<b>171,841</b>	<b>25,208</b>	<b>281,922</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	24,608	-	-	24,608
Transfers to Other Funds	-	(24,608)	-	(24,608)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>24,608</b>	<b>(24,608)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	-	-	-	-
Debt Proceeds	-	1,633,000	-	1,633,000
Interest Paid on Debt Obligations	(17,003)	(102,120)	-	(119,123)
Principal Paid on Debt Obligations	(37,440)	(1,700,000)	-	(1,737,440)
Capital Contributions - Grants	49,810	29,350	-	79,160
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(4,633)</b>	<b>(139,770)</b>	<b>-</b>	<b>(144,403)</b>
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	178	156	-	334
<b>Net Increase(Decrease) in Cash and Cash Equivalents</b>	<b>105,026</b>	<b>7,619</b>	<b>25,208</b>	<b>137,853</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>1,069,648</b>	<b>850,243</b>	<b>149,778</b>	<b>2,069,669</b>
<b>End of Year</b>	<b>\$ 1,174,674</b>	<b>\$ 857,862</b>	<b>\$ 174,986</b>	<b>\$ 2,207,522</b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

Statement of Cash Flows (Continued)

Proprietary Fund

For the Year Ended June 30, 2021

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Stormwater Fund	Totals
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ (138,192)	\$ (12,016)	\$ 22,813	\$ (127,395)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	197,135	176,451	2,526	376,112
Miscellaneous Income	1,180	-	-	1,180
Changes in Assets and Liabilities				
(Increase)Decrease in -				
Accounts Receivable	1,389	(3,989)	(131)	(2,731)
Due from Other Governments	-	-	-	-
Deferred Outflows of Resources - pensions	(14,679)	(7,696)	-	(22,375)
Increase (Decrease) in -				
Accounts Payable	1,412	3,187	-	4,599
Prepaid Utilities	-	-	-	-
Customer Deposits	165	2,610	-	2,775
Compensated Absences Payable	7,909	-	-	7,909
OPEB Liability	671	56	-	727
Net Pension Liability	29,847	13,232	-	43,079
Deferred Inflows of Resources - pensions	(1,686)	148	-	(1,538)
Deferred Inflows of Resources - OPEB	(278)	(142)	-	(420)
<b>Total Adjustments</b>	<b>223,065</b>	<b>183,857</b>	<b>2,395</b>	<b>409,317</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 84,873</b>	<b>\$ 171,841</b>	<b>\$ 25,208</b>	<b>\$ 281,922</b>

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Town of Chadburn and its discretely presented component unit 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 Chadburn is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

**West Columbus ABC Board**

The Board, as provided by North Carolina Alcoholic Beverage Control Laws, operates one retail location in Chadburn. The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at West Columbus ABC Board, 505 Joe Brown Highway North, Chadburn, North Carolina 28431.

**B. Basis of Presentation, Basis of Accounting**

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued)**

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

**Water Fund** – This fund is used to account for the operations of the Town-wide water system.

**Sewer Fund** – This fund is used to account for the operations of the Town's sewer operations.

**Stormwater Fund** – This fund is used to account for the Town's stormwater operations.

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

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting (Continued)**

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

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

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for any Grant Project Special Revenue Funds or Enterprise Capital Project Funds. 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. The Finance Officer is authorized by the budget ordinance to relocate departmental amounts not exceeding \$2,000 between departments of the same fund with an official report to be made by memorandum within the month of transfer to the Board; however, any revisions that alter total expenditures of any fund or that change departmental expenses by more than \$2,000 must be approved by the governing board. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

State law [G.S.159-30(c)] authorizes the Town, and the ABC Board 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 and the ABC Board's investments are reported at fair value. The NCCMT – Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. West Columbus ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)****3. Restricted Assets**

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

**Town of Chadbourn Restricted Cash**

Governmental Activities	
General Fund	
Transportation	\$ 22,396
Economic Development	9,058
Total governmental activities	<u>31,454</u>
Business-type Activities	
Water Fund	56,306
Sewer Fund	25,726
Total business-type activities	<u>82,032</u>
Total Restricted Cash	<u>\$ 113,486</u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S.105-347 and G.S.159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowances for Doubtful Accounts**

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



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)****6. Inventories and Prepaid Items**

The inventories of the Town, and the ABC Board are valued at cost (first-in, first-out), which approximates market.

The inventory of the Town's enterprise funds as well as those of the ABC Board consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the Town's enterprise funds and that of the ABC Board is recorded as an expense as it is consumed or sold.

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

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, and infrastructure, \$100,000; furniture, equipment, and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings and Improvements	50
Infrastructure	50
Vehicles	6
Furniture and Equipment	10

Capital assets of the West Columbus ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings	50
Improvements	50
Vehicles	7
Furniture and equipment	10

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, pension deferrals and OPEB deferrals for 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, deferred grants, and pension and OPEB deferrals.

**9. Long-Term Obligations**

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

**10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the Town 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**11. Net Position/Fund Balances**

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

**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 Chadbourn's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**11. Net Position/Fund Balances (Continued)**

Assigned fund balance – portion of fund balance that Town of Chadbourn 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.

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

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

**12. 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 Chadbourn and West Columbus ABC Board's employer contributions are recognized when due and the Town of Chadbourn and West Columbus ABC Board have 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.

**II. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All of the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. 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, the ABC Board or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****A. Assets (Continued)****1. Deposits (Continued)**

Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2021, the Town's deposits had a carrying amount of \$715,427 and a bank balance of \$847,271. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$245,768 and the bank balance was \$303,317. Of the bank balance, \$250,000 was covered by federal depository insurance, the remainder was covered under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$173. Of the carrying amount for the ABC Board, \$2,400 was cash on hand.

**2. Investments**

At June 30, 2021, the Town of Chadbourn had \$3,795,775 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

**3. Receivables – Allowances for Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

Fund	06/30/2021
General Fund	
Taxes Receivable	\$ 8,000
Sanitation	39,000
Total	<u>47,000</u>
Enterprise Funds	
Water	133,000
Sewer	114,000
Storm Water	5,000
Total	\$ <u><u>252,000</u></u>

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****A. Assets (Continued)****4. Capital Assets****Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 117,520	\$ 75,108	\$ -	\$ 192,628
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	117,520	75,108	-	192,628
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	1,521,549	-	-	1,521,549
Equipment and Vehicles	717,556	12,590	126,928	603,218
Infrastructure	930,227	-	-	930,227
Total capital assets being depreciated	3,169,332	12,590	126,928	3,054,994
<b>Less accumulated depreciation for:</b>				
Buildings and Improvements	421,633	30,431	-	452,064
Equipment and Vehicles	482,778	61,163	126,928	417,013
Infrastructure	148,837	18,605	-	167,442
Total accumulated depreciation	1,053,248	110,199	126,928	1,036,519
Total capital assets being depreciated, net	2,116,084			2,018,475
<b>Governmental activity capital assets, net</b>	<u>\$ 2,233,604</u>			<u>\$ 2,211,103</u>

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

	Depreciation
Administration	\$ 47,825
Police	34,948
Street Department	25,226
Recreation	2,200
Total	<u>\$ 110,199</u>

**TOWN OF CHADBOURN, NORTH CAROLINA**

Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)**
**A. Assets (Continued)**
**4. Capital Assets (Continued)**
**Business-Type Activities:**
**Water Fund**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being Depreciated	-	-	-	-
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	-	-	-	-
Infrastructure	8,373,060	-	-	8,373,060
Other Equipment	375,690	-	-	375,690
Total capital assets being Depreciated	8,748,750	-	-	8,748,750
<b>Less accumulated depreciation for:</b>				
Buildings and Improvements	-	-	-	-
Infrastructure	2,387,735	167,461	-	2,555,196
Other Equipment	250,043	29,674	-	279,717
Total accumulated depreciation	2,637,778	197,135	-	2,834,913
Total capital assets being depreciated, net	6,110,972			5,913,837
<b>Water Fund capital assets, net</b>	<b>\$ 6,110,972</b>			<b>\$ 5,913,837</b>

**Sewer Fund**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being Depreciated	-	-	-	-
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	-	-	-	-
Infrastructure	7,643,693	-	-	7,643,693
Other Equipment	134,768	-	-	134,768
Total capital assets being Depreciated	7,778,461	-	-	7,778,461
<b>Less accumulated depreciation for:</b>				
Buildings and Improvements	-	-	-	-
Infrastructure	1,841,530	152,874	-	1,994,404
Other Equipment	29,755	23,577	-	53,332
Total accumulated depreciation	1,871,285	176,451	-	2,047,736
Total capital assets being depreciated, net	5,907,176			5,730,725
<b>Sewer Fund capital assets, net</b>	<b>\$ 5,907,176</b>			<b>\$ 5,730,725</b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****A. Assets (Continued)****4. Capital Assets (Continued)*****Stormwater Fund***

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being Depreciated	-	-	-	-
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	-	-	-	-
Infrastructure	-	-	-	-
Other Equipment	25,263	-	-	25,263
Total capital assets being Depreciated	25,263	-	-	25,263
<b>Less accumulated depreciation for:</b>				
Buildings and Improvements	-	-	-	-
Infrastructure	-	-	-	-
Other Equipment	13,452	2,526	-	15,978
Total accumulated depreciation	13,452	2,526	-	15,978
Total capital assets being depreciated, net	11,811			9,285
<b>Stormwater Fund capital assets, net</b>	<b>\$ 11,811</b>			<b>\$ 9,285</b>



**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****A. Assets (Continued)****4. Capital Assets (Continued)****Discretely presented component unit**

Activity for the West Columbus ABC Board for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated</b>				
Land	\$ 77,702	\$ -	\$ -	\$ 77,702
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	77,702	-	-	77,702
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	260,281	-	-	260,281
Furniture, Fixtures and Equipment	86,644	18,129	-	104,773
Total capital assets being depreciated	346,925	18,129	-	365,054
<b>Less accumulated depreciation for:</b>				
Buildings and Improvements	11,387	5,651	-	17,038
Furniture, Fixtures and Equipment	71,091	6,204	-	77,295
Total accumulated depreciation	82,478	11,855	-	94,333
Total capital assets being depreciated, net	264,447			270,721
<b>West Columbus ABC Board capital assets, net</b>	<b>\$ 342,149</b>			<b>\$ 348,423</b>

**B. Liabilities****1. Pension Plan Obligations****a. Local Governmental Employees' Retirement System**

**Plan Description.** The Town of Chadbourn 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).

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

**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. 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 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 Chadbourn 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 Chadbourn's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Chadbourn were \$69,754 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.

## II. DETAIL NOTES ON ALL FUNDS (Continued)

## B. Liabilities (Continued)

## 1. Pension Plan Obligations (Continued)

## a. Local Governmental Employees' Retirement System (Continued)

***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 \$376,639 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 (measurement date), the Town's proportion was 0.01054% which was an increase of 0.00189% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$134,078. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,563	\$ -
Changes of assumptions	28,029	-
Net difference between projected and actual earnings on pension plan investments	53,002	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	28,335	11,534
Town contributions subsequent to the measurement date	69,754	-
Total	<u>\$ 226,683</u>	<u>\$ 11,534</u>

## II. DETAIL NOTES ON ALL FUNDS (Continued)

## B. Liabilities (Continued)

## 1. Pension Plan Obligations (Continued)

## a. Local Governmental Employees' Retirement System (Continued)

\$69,754 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2022	\$	41,875
2023		55,799
2024		32,035
2025		15,686
2026		-
Thereafter		-
	\$	<u>145,395</u>

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

Inflation	3.0 percent
Salary Increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

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

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

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.

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

**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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 764,160	\$ 376,639	\$ 58,582

**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.

**b. Law Enforcement Officers Special Separation Allowance****1. Plan Description**

The Town of Chadbourn 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.

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****b. Law Enforcement Officers Special Separation Allowance (Continued)****1. Plan Description (Continued)**

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	8
Total	<u>8</u>

**2. Summary of Significant Accounting Policies**

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

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

**3. 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	3.25 to 7.75 percent, including inflation and productivity factor
Discount Rate	1.93 percent

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

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

## II. DETAIL NOTES ON ALL FUNDS (Continued)

### B. Liabilities (Continued)

#### 1. Pension Plan Obligations (Continued)

##### b. Law Enforcement Officers Special Separation Allowance (Continued)

#### 4. 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.

#### 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 \$37,991. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$(308).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,291	\$ 44,907
Changes of assumptions	9,944	2,938
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 18,235	\$ 47,845

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

#### Year Ended June 30:

2022	\$ (7,726)
2023	(7,726)
2024	(7,488)
2025	(4,790)
2026	(4,277)
Thereafter	2,397
	<u>\$ (29,610)</u>



## II. DETAIL NOTES ON ALL FUNDS (Continued)

## B. Liabilities (Continued)

## 1. Pension Plan Obligations (Continued)

## b. Law Enforcement Officers Special Separation Allowance (Continued)

## 4. Contributions (Continued)

**Sensitivity of the Town's total pension liability to changes in the discount rate.** The following presents the Town's total pension liability calculated using the discount rate of 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 1-percentage point lower (.93 percent) or 1-percentage point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 41,985	\$ 37,991	\$ 34,380

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

	2021
Beginning balance	\$ 17,214
Service Cost	6,857
Interest on the total pension liability	561
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	4,702
Changes of assumptions or other inputs	8,657
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 37,991</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 five-year period ending December 31, 2019.

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)*****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	\$ 134,078	\$ (308)	\$ 133,770
Pension Liability	376,639	37,991	414,630
Proportionate share of the net pension liability	0.01054%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	47,563	8,291	55,854
Changes of assumptions	28,029	9,944	37,973
Net difference between projected and actual earnings on plan investments	53,002	-	53,002
Changes in proportion and differences between contributions and proportionate share of contributions	28,335	-	28,335
Benefit payments and administrative costs paid subsequent to the measurement date	69,754	-	69,754
Deferred Inflows of Resources			
Differences between expected and actual experience	-	44,907	44,907
Changes of assumptions	-	2,938	2,938
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	11,534	-	11,534

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

**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 that the Town contribute each month an amount equal to 5 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. The Town made contributions of \$16,245 for the reporting year for law enforcement officers. No amounts were forfeited.

**All Other Employees**

**Plan Description.** All other employees have the option of contributing to the Supplemental Retirement Plan of North Carolina 401(k). This plan is a defined contribution pension plan and participation is optional.

**Funding Policy.** The Town made contributions of \$10,996 for the reporting year for employees other than law enforcement. No amounts were forfeited.

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****d. Other Postemployment Benefits****Healthcare Benefits**

**Plan Description.** Under the terms of a Town resolution, the Town's policy provides that retirees may participate in the Town's healthcare plan, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) for at least 10 years and have at least five years of creditable service with the Town. The retiree will be required to pay 100% of the cost of their insurance. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	-
Active plan members	14
Total	<u>14</u>

**Total OPEB Liability**

The Town's total OPEB liability of \$13,520 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

**Actuarial assumptions and other inputs.** The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases, including wage inflation	3.50%–7.75% General Employees 3.50%–7.35% Law Enforcement Employees
Discount rate	2.21%
Healthcare cost trend rate	7.00%, Pre-Medicare

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

**TOWN OF CHADBOURN, NORTH CAROLINA**

Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****d. Other Post Employment Benefits (OPEB)****Healthcare Benefits (Continued)****Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	\$ 10,120
<b>Changes for the year</b>	
Service Cost	1,386
Interest	403
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,611
Benefit payments	-
<b>Net Changes</b>	<u>3,400</u>
<b>Balance at June 30, 2021</b>	<u>\$ 13,520</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB Liability	\$ 14,916	\$ 13,520	\$ 12,253

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****d. Other Post Employment Benefits (OPEB)****Healthcare Benefits (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare costs trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 11,684	\$ 13,520	\$ 15,716

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the Town recognized OPEB expense of \$1,334. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,156
Changes of assumptions	1,577	1,239
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 1,577</u>	<u>\$ 4,395</u>

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

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****d. Other Post Employment Benefits (OPEB)****Healthcare Benefits (Continued)****Year Ended June 30:**

2022	\$	(445)
2023		(445)
2024		(445)
2025		(445)
2026		(445)
Thereafter		(593)
	\$	<u>(2,818)</u>

**2. Other Employment Benefits**

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

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****3. Deferred Outflows and Inflows of Resources**

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

Contributions to pension plan in current	
fiscal year	\$ 69,754
Difference between expected and actual	
experience	55,854
Changes of assumptions	39,550
Changes in proportion and differences between	
contributions and proportionate share of contributions	28,335
Net difference between projected and actual	53,002
Total	<u>\$ 246,495</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Deferred Grants (General Fund)	9,058	9,058
Taxes receivable (General Fund)	-	73,352
Changes in assumptions	4,177	-
Differences between expected and actual		
experience	48,063	-
Changes in proportion and differences between		
employer contributions and proportionate		
share of contributions	11,534	-
Total	<u>\$ 72,832</u>	<u>\$ 82,410</u>



**II. DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**4. Risk Management**

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

The Town carries no flood insurance through the National Flood Insurance Plan (NFIP), as they are considered to be in a low-risk area.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The West Columbus ABC Board 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 ABC Board has property, general liability, and workers' compensation. The ABC Board also has liquor legal liability. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2021, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

**TOWN OF CHADBOURN, NORTH CAROLINA**

Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****6. Long-Term Obligations****a. Installment Purchases**

In November 2011 the Town entered into an installment loan in the amount of \$125,000 for new Radio Read Meters. The financing contract requires principal payments beginning November 2012. Principal installments of \$14,947 are due annually on March 28 at an annual interest rate of 3.390%. This installment loan was paid off during the current year.

**b. General Obligation Indebtedness**

All general obligation bonds serviced by the Town's General Fund are collateralized by the full faith, credit, and taxing power of the Town. Town of Chadbourn's Water Fund issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Water Fund, are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest payments are appropriated when due.

The Town's general obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

Serviced by the Town's Water and Sewer Fund:

\$2,044,000 Series 1999 Water and Sewer Bonds

Principal and interest due on June 1, in annual installments through June 1, 2039

\$ -

\$1,633,000 Series 2021 Water and Sewer Refunding Bonds

Principal and interest paid monthly through June 1, 2035; interest at 1.55%

1,565,000

Total

\$ 1,565,000

Annual debt service requirements to maturity for the Town's and the Water Fund's general obligation bonds are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 103,000	\$ 23,503
2023	102,000	21,913
2024	105,000	20,317
2025	108,000	18,685
2026	109,000	16,997
2027-2031	555,000	59,298
2032-2035	483,000	15,355
Total	\$ 1,565,000	\$ 176,068

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****6. Long-Term Obligations (Continued)****c. Revenue Bonds**

The Water and Sewer Funds within Town of Chadbourn have issued revenue bonds in order to finance various water and sewer improvements.

Serviced by the Town's Water Fund:

\$596,000 Water and Sewer System Revenue Bond  
(Series 2018B USDA) issued on August 22, 2018;  
Interest at 2.75%. Maturity in 2058. \$ 569,000

Serviced by the Town's Sewer Fund:

\$1,150,000 Water and Sewer System Revenue Bond  
(Series 2018A USDA) issued on August 22, 2018;  
Interest at 2.125%. Maturity in 2058. 1,092,000  
Total \$ 1,661,000

Annual debt service requirements to maturity for the Water and Sewer revenue bonds are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 29,000	\$ 38,853
2023	29,000	38,180
2024	31,000	37,508
2025	31,000	36,786
2026	32,000	36,065
2027-2031	169,000	168,959
2032-2036	190,000	148,306
2037-2041	213,000	125,017
2042-2046	240,000	98,894
2047-2051	268,000	69,549
2052-2056	303,000	36,461
2057-2058	126,000	4,407
Total	<u>\$ 1,661,000</u>	<u>\$ 838,985</u>

At June 30, 2021, the Town of Chadbourn had a legal debt margin of \$6,403,049.

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****B. Liabilities (Continued)****6. Long-Term Obligations (Continued)****d. Long-Term Obligation Activity**

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Installment purchase	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	30,507	-	1,226	29,281	-
Net Pension Liability (LGRS)	172,173	97,335	-	269,508	-
Total Pension Liability (LEO)	17,214	20,777	-	37,991	-
Total OPEB Liability	6,376	2,673	-	9,049	-
Total governmental activities	<u>\$ 226,270</u>	<u>\$ 120,785</u>	<u>\$ 1,226</u>	<u>\$ 345,829</u>	<u>\$ -</u>
<b>Business-type activities:</b>					
General obligation debt	\$ 1,613,000	\$1,633,000	\$ 1,681,000	\$ 1,565,000	\$ 103,000
Installment purchase	28,440	-	28,440	-	-
Revenue Bond Anticipation Notes	-	-	-	-	-
Revenue Bonds	1,689,000	-	28,000	1,661,000	29,000
Compensated absences	6,996	7,909	-	14,905	-
Net Pension Liability (LGRS)	64,052	43,079	-	107,131	-
Total OPEB Liability	3,744	727	-	4,471	-
Total business-type activities	<u>\$ 3,405,232</u>	<u>\$ 1,684,715</u>	<u>\$ 1,737,440</u>	<u>\$ 3,352,507</u>	<u>\$ 132,000</u>

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

**C. Interfund Balances and Activity**

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

From the Water Fund to the Water and Sewer Capital Reserve Fund	\$ 26,173
From the Sewer Fund to the Water and Sewer Capital Reserve Fund	24,608
Total	<u>\$ 50,781</u>

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

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Notes to Financial Statements (Continued)

June 30, 2021

**II. DETAIL NOTES ON ALL FUNDS (Continued)****D. Net Investments in Capital Assets**

	Governmental	Business Type
Capital Assets	\$ 2,211,103	\$ 11,653,847
Less: Long-term Debt	-	3,226,000
Add: Unexpected debt proceeds	-	-
Net Investment in Capital Assets	<u>\$ 2,211,103</u>	<u>\$ 8,427,847</u>

**E. 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>	\$ 2,439,716
Less:	
Stabilization by State Statute	173,556
Streets – Powell Bill	22,396
Appropriated Fund Balance in 2021-2022 budget	44,727
Remaining Fund Balance	2,199,037

The Town of Chadbourn has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>Encumbrances</i>	General Fund	Non-Major Funds
\$ -	\$ -	\$ -

**III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES****Federal and State Assisted Programs**

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

**IV. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 28, 2021, which is the date the financial statements were available to be issued.



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

***Required Supplementary  
Financial Data***

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**TOWN OF CHADBOURN, NORTH CAROLINA**  
Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Eight Fiscal Years\*

	<b>Local Government Employees' Retirement System</b>							
	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.01054%	0.00865%	0.01002%	0.00780%	0.00923%	0.01017%	0.01044%	0.01230%
Town's proportion of the net pension liability (asset) (\$)	\$ 376,639	\$ 236,225	\$ 237,709	\$ 119,162	\$ 195,891	\$ 45,642	\$ (61,569)	\$ 148,262
Town's covered-employee payroll	\$ 652,047	\$ 552,915	\$ 624,288	\$ 507,700	\$ 559,587	\$ 592,943	\$ 640,362	\$ 659,947
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.76%	42.72%	38.08%	23.47%	35.01%	7.70%	(9.61%)	22.47%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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



**TOWN OF CHADBOURN, NORTH CAROLINA**

Town's Contributions

Required Supplementary Information

Last Eight Fiscal Years

	<b>Local Government Employees' Retirement System</b>							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 69,754	\$ 60,611	\$ 44,612	\$ 48,763	\$ 38,563	\$ 38,549	\$ 42,805	\$ 45,946
Contributions in relation to the contractually required contribution	69,754	60,611	44,612	48,763	38,563	38,549	42,805	45,946
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 667,503	\$ 652,047	\$ 552,915	\$ 624,288	\$ 507,700	\$ 559,587	\$ 592,943	\$ 640,362
Contributions as a percentage of covered-employee payroll	10.45%	9.30%	8.07%	7.81%	7.60%	6.89%	7.22%	7.18%

**TOWN OF CHADBOURN, NORTH CAROLINA**  
Schedule of Changes in Total Pension Liability  
June 30, 2021

<b>Law Enforcement Officers' Special Separation Allowance</b>					
	2021	2020	2019	2018	2017
<b>Beginning balance</b>	\$ 17,214	\$ 59,070	\$ 47,286	\$ 58,397	\$ 51,151
Service cost	6,857	4,662	6,897	5,339	7,351
Interest on the total pension liability	561	2,150	1,494	2,254	1,826
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	4,702	(49,641)	7,421	(22,894)	-
Changes of assumptions or other inputs	8,657	973	(4,028)	4,190	(1,931)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
<b>Ending balance of the total pension liability</b>	<u>\$ 37,991</u>	<u>\$ 17,214</u>	<u>\$ 59,070</u>	<u>\$ 47,286</u>	<u>\$ 58,397</u>

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

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Schedule of Total Pension Liability as a Percentage of Covered Payroll

June 30, 2021

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<b>Law Enforcement Officers' Special Separation Allowance</b>					
	2021	2020	2019	2018	2017
Total pension liability	\$ 37,991	\$ 17,214	\$ 59,070	\$ 47,286	\$ 58,397
Covered payroll	327,198	205,545	259,856	258,163	332,180
Total pension liability as a percentage of covered payroll	11.61%	8.37%	22.73%	18.32%	17.58%

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Notes to the schedules:

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



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Schedule of Changes in the Total OPEB Liability and Related Ratios

June 30, 2021

<b>Total OPEB Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 1,386	\$ 1,473	\$ 1,511	\$ 1,612
Interest	403	471	389	306
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(4,131)	-	(1)
Changes of assumptions	1,611	204	(712)	(1,183)
Benefit payments	-	-	-	-
<b>Net changes in Total OPEB Liability</b>	<b>3,400</b>	<b>(1,983)</b>	<b>1,188</b>	<b>734</b>
<b>Total OPEB Liability - Beginning</b>	<b>10,120</b>	<b>12,103</b>	<b>10,915</b>	<b>10,181</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 13,520</b>	<b>\$ 10,120</b>	<b>\$ 12,103</b>	<b>\$ 10,915</b>
<b>Covered Payroll</b>	<b>\$ 445,600</b>	<b>\$ 445,600</b>	<b>\$ 399,242</b>	<b>\$ 399,242</b>
<b>Total OPEB Liability as a percentage of covered payroll</b>	<b>3.03%</b>	<b>2.27%</b>	<b>3.03%</b>	<b>2.73%</b>

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are discount rates used in each period:

<b>Fiscal Year</b>	<b>Rate</b>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

***Major Governmental Funds***

***General Fund***

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**TOWN OF CHADBOURN, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
<b>Ad Valorem Taxes</b>			
Taxes		\$ 505,193	
Penalties and Interest		36,062	
<b>Total Ad Valorem Taxes</b>	\$ 470,950	541,255	\$ 70,305
<b>Other Taxes and Licenses</b>			
Privilege Licenses		330	
<b>Total Other Taxes and Licenses</b>	500	330	(170)
<b>Unrestricted Intergovernmental</b>			
Local Option Sales Tax		499,465	
Utility Sales Tax		106,828	
Beer and Wine Tax		7,313	
ABC Profit Distributions		-	
<b>Total Unrestricted Intergovernmental</b>	553,800	613,606	59,806
<b>Restricted Intergovernmental</b>			
Powell Bill Allocation		55,923	
Grants		169,216	
ABC Revenue for Law Enforcement		3,000	
Solid Waste Disposal Tax		1,304	
<b>Total Restricted Intergovernmental</b>	459,894	229,443	(230,451)
<b>Permits and Fees</b>			
Inspection Fees		4,245	
Zoning Permits		3,385	
<b>Total Permits and Fees</b>	6,400	7,630	1,230
<b>Sales and Services</b>			
Recreation Fees		500	
Solid Waste		279,881	
<b>Total Sales and Services</b>	272,500	280,381	7,881
<b>Investment Earnings</b>			
General		11,946	
Powell Bill		5	
<b>Total Investment Earnings</b>	12,000	11,951	(49)
<b>Miscellaneous</b>			
Sale of Assets		-	
Other		24,250	
<b>Total Miscellaneous</b>	20,821	24,250	3,429
<b>Total Revenues</b>	1,796,865	1,708,846	(88,019)



**TOWN OF CHADBOURN, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures</b>			
<b>Governing Body</b>			
Salaries and Employee Benefits		\$ 22,607	
Other Expenditures		23,448	
<b>Total Governing Body</b>	<b>\$ 46,209</b>	<b>46,055</b>	<b>\$ 154</b>
<b>Administration</b>			
Salaries and Employee Benefits		202,956	
Other Expenditures		103,449	
Debt Service			
Principal		-	
Interest		-	
Capital Outlay		12,590	
<b>Total Administration</b>	<b>583,364</b>	<b>318,995</b>	<b>264,369</b>
<b>Civic Center</b>			
Other Expenditures		4,966	
<b>Total Civic Center</b>	<b>7,100</b>	<b>4,966</b>	<b>2,134</b>
<b>Public Buildings</b>			
Other Expenditures		11,768	
Capital Outlay		75,108	
<b>Total Public Buildings</b>	<b>149,471</b>	<b>86,876</b>	<b>62,595</b>
<b>Police</b>			
Salaries and Employee Benefits		446,247	
Other Expenditures		116,064	
Capital Outlay		-	
Debt Service			
Principal		-	
Interest		-	
<b>Total Police</b>	<b>578,160</b>	<b>562,311</b>	<b>15,849</b>
<b>Inspections</b>			
Other Expenditures		51,414	
<b>Total Inspections</b>	<b>59,085</b>	<b>51,414</b>	<b>7,671</b>
<b>Fire</b>			
Salaries and Employee Benefits		6,958	
Other Expenditures		12,980	
<b>Total Fire</b>	<b>42,508</b>	<b>19,938</b>	<b>22,570</b>
<b>Street Department</b>			
Salaries and Employee Benefits		40,032	
Other Expenditures		115,241	
Capital Outlays		-	
<b>Total Street Department</b>	<b>170,608</b>	<b>155,273</b>	<b>15,335</b>

**TOWN OF CHADBOURN, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Powell Bill</b>			
Salaries and Employee Benefits		\$ -	
Other Expenditures		50,077	
Capital Outlay		-	
<b>Total Powell Bill</b>	<b>\$ 55,923</b>	<b>50,077</b>	<b>\$ 5,846</b>
<b>Sanitation</b>			
Other Expenditures		196,292	
<b>Total Sanitation</b>	<b>228,000</b>	<b>196,292</b>	<b>31,708</b>
<b>Recreation</b>			
Salaries and Employee Benefits		8,000	
Other Expenditures		5,602	
<b>Total Recreation</b>	<b>28,450</b>	<b>13,602</b>	<b>14,848</b>
<b>Contingency</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,948,878</b>	<b>1,505,799</b>	<b>443,079</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(152,013)</b>	<b>203,047</b>	<b>355,060</b>
<b>Other Financing Sources (Uses)</b>			
Installment Purchase Obligation Issued	-	-	-
Sale of Assets		7,163	7,163
Transfers In/(Out)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>7,163</b>	<b>7,163</b>
<b>Fund Balance Appropriated</b>	<b>152,013</b>	<b>-</b>	<b>(152,013)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 210,210</b>	<b>\$ 210,210</b>
<b>Fund Balance - Beginning of Year</b>		<b>2,229,506</b>	
<b>Fund Balance - End of Year</b>		<b>\$ 2,439,716</b>	

## ***Enterprise Funds***

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**TOWN OF CHADBOURN, NORTH CAROLINA**

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Operating Revenues</b>			
Water Charges	\$	386,231	
Taps and Reconnect Fees		8,357	
Reserve Assessments		26,113	
<b>Total Operating Revenues</b>	\$ 395,700	420,701	\$ 25,001
<b>Nonoperating Revenues</b>			
Investment Earnings		112	
Grant Revenues		49,810	
Miscellaneous		1,180	
<b>Total Nonoperating Revenues</b>	54,825	51,102	(3,723)
<b>Total Revenues</b>	450,525	471,803	21,278
<b>Expenditures</b>			
<b>Water Operations</b>			
Salaries and Employee Benefits		198,813	
Other Expenditures		141,211	
Capital Outlay		-	
Debt Service			
Principal		37,440	
Interest		17,003	
<b>Total Water Operations</b>	439,627	394,467	45,160
<b>Contingency</b>	-	-	-
<b>Total Expenditures</b>	439,627	394,467	45,160
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	10,898	77,336	66,438

**TOWN OF CHADBOURN, NORTH CAROLINA**

Water Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

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	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	\$ 14,602	\$ -	\$ (14,602)
Capital Lease Obligations Issued	-	-	-
Transfers In:			
Sewer Fund	-	-	-
Water and Sewer Capital Reserve Fund	-	-	-
Transfers Out:			
Sewer Fund	-	-	-
Water Fund - USDA Project	-	-	-
Water and Sewer Capital Reserve Fund	(25,500)	(26,173)	(673)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,898)</b>	<b>(26,173)</b>	<b>(15,275)</b>
<b>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 51,163</b>	<b>\$ 51,163</b>

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**TOWN OF CHADBOURN, NORTH CAROLINA**

Water Fund

Schedule of Revenues and Expenditures (Continued)

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		\$ 51,163	
Reconciling Items:			
Depreciation Expense		(197,135)	
Capital Outlay		-	
Principal Retirement		37,440	
Increase(Decrease) in Deferred Outflows of Resources - Pensions		14,320	
Increase(Decrease) in Deferred Outflows of Resources - OPEB		409	
(Increase)Decrease in Net Pension Liability		(29,847)	
(Increase)Decrease in OPEB Liability		(671)	
(Increase)Decrease in Interest Payable		-	
(Increase)Decrease in Deferred Inflows of Resources - Pensions		1,686	
(Increase)Decrease in Deferred Inflows of Resources - OPEB		278	
(Increase)Decrease in Compensated Absences Payable		(7,909)	
Capital Contributions		-	
Investment Earnings - Capital Reserve Fund		66	
Transfers - Sewer Fund		24,608	
Transfers - Water and Sewer Capital Reserve Fund		26,173	
Transfers - USDA Water Project		-	
Total Reconciling Items		(130,582)	
<b>Change in Net Position</b>		\$ (79,419)	

**TOWN OF CHADBOURN, NORTH CAROLINA**

Water and Sewer Capital Reserve Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
Investment Earnings	\$ -	\$ 66	\$ 66
<b>Other Financing Sources (Uses)</b>			
Transfers in:			
Water Fund	-	26,173	26,173
Sewer Fund	-	24,608	24,608
Transfers out:			
Water Fund	-	-	-
Sewer Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	50,781	50,781
<b>Appropriated Fund Balance</b>	-	-	-
<b>Revenues Over Other Financing Sources (Uses)</b>	\$ -	\$ 50,847	\$ 50,847

**TOWN OF CHADBOURN, NORTH CAROLINA**

Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Operating Revenues</b>			
Sewer Charges		\$ 424,336	
Tap Fees		-	
<b>Total Operating Revenues</b>	\$ 431,578	424,336	\$ (7,242)
<b>Nonoperating Revenues</b>			
Investment Earnings		156	
Grant Revenue		29,350	
Miscellaneous Income		-	
<b>Total Nonoperating Revenues</b>	37,152	29,506	(7,646)
<b>Total Revenues</b>	468,730	453,842	(14,888)
<b>Expenditures</b>			
<b>Sewer Operations</b>			
Salaries and Employee Benefits		45,814	
Other Expenditures		68,222	
Capital Outlay		-	
Debt Service			
Principal		1,681,000	
Interest		78,511	
<b>Total Sewer Operations</b>	253,572	1,873,547	(1,619,975)
<b>Wastewater Treatment</b>			
Salaries and Employee Benefits		-	
Other Expenditures		140,267	
Debt Service			
Principal		19,000	
Interest		23,609	
<b>Total Wastewater Treatment</b>	192,158	182,876	9,282
<b>Contingency</b>		-	-
<b>Total Expenditures</b>	445,730	2,056,423	(1,610,693)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	23,000	(1,602,581)	(1,625,581)



**TOWN OF CHADBOURN, NORTH CAROLINA**  
Sewer Fund  
Schedule of Revenues and Expenditures (Continued)  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Other Financing Sources (Uses)</b>			
Appropriated Fund Balance	-	-	-
Long-Term Debt Issued	-	1,633,000	1,633,000
Transfers In:			
Sewer Fund	-	-	-
Water and Sewer Capital Reserve Fund	-	-	-
Sewer Fund - USDA Project	-	-	-
Transfers Out:			
Water and Sewer Capital Reserve Fund	(23,000)	(24,608)	(1,608)
<b>Total Other Financing Sources (Uses)</b>	<b>(23,000)</b>	<b>1,608,392</b>	<b>1,631,392</b>
<b>Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 5,811</b>	<b>\$ 5,811</b>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 5,811</u>	
Reconciling Items:			
Depreciation Expense		(176,451)	
Capital Outlay		-	
Principal Retirement		1,700,000	
Debt Proceeds		(1,633,000)	
(Increase)Decrease in Interest Payable		-	
(Increase)Decrease in Compensated Absences Payable		-	
(Increase)Decrease in OPEB Liability		(56)	
Increase(Decrease) in Deferred Outflows of Resources - Pensions		7,600	
Increase(Decrease) in Deferred Outflows of Resources - OPEB		96	
(Increase)Decrease in Net Pension Liability		(13,232)	
(Increase)Decrease in Deferred Inflows of Resources - Pensions		(148)	
(Increase)Decrease in Deferred Inflows of Resources - OPEB		142	
Interest Income - USDA Sewer Project		-	
Transfer In - USDA Sewer Project		-	
Capital Contributions - USDA Sewer Project		-	
Total Reconciling Items		<u>(115,049)</u>	
<b>Change in Net Position</b>		<u><b>\$ (109,238)</b></u>	

**TOWN OF CHADBOURN, NORTH CAROLINA**

Stormwater Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>			
<b>Operating Revenues</b>			
Stormwater Fees		\$ 30,972	
<b>Total Operating Revenues</b>	30,000	30,972	\$ 972
<b>Nonoperating Revenues</b>			
Investment Earnings		-	
Grant Revenue		-	
Miscellaneous		-	
<b>Total Nonoperating Revenues</b>	-	-	-
<b>Total Revenues</b>	30,000	30,972	972
<b>Expenditures</b>			
<b>Stormwater</b>			
Other Expenditures		5,633	
Capital Outlay		-	
<b>Total Water Operations</b>	30,000	5,633	24,367
<b>Total Expenditures</b>	30,000	5,633	24,367
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ -	\$ 25,339	\$ 25,339

**TOWN OF CHADBOURN, NORTH CAROLINA**  
Stormwater Fund  
Schedule of Revenues and Expenditures (Continued)  
Budget and Actual (Non-GAAP)  
For the Fiscal Year Ended June 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		<u>\$ 25,339</u>	
Reconciling Items:			
Depreciation Expense		(2,526)	
Capital Outlay		<u>-</u>	
Total Reconciling Items		<u>(2,526)</u>	
<b>Change in Net Position</b>		<u><u>\$ 22,813</u></u>	



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina

## ***Other Schedules***

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**TOWN OF CHADBOURN, NORTH CAROLINA**

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2021

<b>Fiscal Year</b>	<b>Uncollected Balance 7-1-20</b>	<b>Additions and Adjustments</b>	<b>Collections and Credits</b>	<b>Uncollected Balance 6-30-21</b>
2020-21	\$ -	\$ 499,448	\$ 474,526	\$ 24,922
2019-20	25,341	-	17,342	7,999
2018-19	21,440	-	8,367	13,073
2017-18	5,999	-	1,550	4,449
2016-17	3,895	-	720	3,175
2015-16	3,411	-	220	3,191
2014-15	4,073	-	508	3,565
2013-14	7,811	-	1,439	6,372
2012-13	8,388	-	-	8,388
2011-12	6,739	-	521	6,218
2010-11	5,607	-	5,607	-
	<u>\$ 92,704</u>	<u>\$ 499,448</u>	<u>\$ 510,800</u>	<u>81,352</u>

Less: Allowance for Uncollectible Accounts:

General Fund

8,000

Ad Valorem Taxes Receivable - Net

\$ 73,352Reconciliation with Revenues

Ad Valorem Taxes - General Fund

\$ 541,255

Reconciling Items:

Interest and Penalties Collected

(36,062)

Taxes Released

-

Taxes Written Off

5,607

Total Collections and Credits

\$ 510,800

**TOWN OF CHADBOURN, NORTH CAROLINA**

## Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2021

	Town-Wide		Total Levy	
	Property Valuation	Rate Per \$100	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>				
Property Taxed at				
Current Year's Rate	\$ 80,223,496	0.620	\$ 497,385	\$ 434,683
Penalties	-		3,212	3,212
	<u>80,223,496</u>		<u>500,597</u>	<u>437,895</u>
				<u>62,702</u>
<b>Discoveries:</b>				
Current Year Taxes	-	0.620	-	-
Penalties	-		-	-
	<u>-</u>		<u>-</u>	<u>-</u>
				<u>-</u>
<b>Abateements:</b>				
Property Taxes -				
Current Year's Rate	(185,381)	0.620	(1,149)	(1,149)
	<u>(185,381)</u>		<u>(1,149)</u>	<u>-</u>
<b>Total Property Valuations</b>	<u>\$ 80,038,115</u>			
<b>Net Levy</b>			499,448	436,746
				62,702
<b>Uncollected Taxes at June 30, 2021</b>			24,922	24,922
				-
<b>Current Year's Taxes Collected</b>			<u>\$ 474,526</u>	<u>\$ 411,824</u>
				<u>\$ 62,702</u>
<b>Current Levy Collection Percentage</b>			<u>95.01%</u>	<u>94.29%</u>
				<u>100.00%</u>



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina



## ***Compliance Section***

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Chadbourn, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises Town of Chadbourn's basic financial statements, and have issued our report thereon dated December 28, 2021. The financial statements of the West Columbus ABC Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*W Greene PLLC*

Whiteville, North Carolina  
December 28, 2021

**TOWN OF CHADBOURN, NORTH CAROLINA**

Schedule of Findings and Responses

For the Fiscal Year Ended June 30, 2021

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<b>SECTION I. SUMMARY OF AUDITOR'S RESULTS</b>
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**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(s)

\_\_\_\_\_ Yes        X   None  
Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

**TOWN OF CHADBOURN, NORTH CAROLINA**  
Schedule of Findings and Responses (Continued)  
For the Fiscal Year Ended June 30, 2021

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<b>SECTION II. FINANCIAL STATEMENT FINDINGS</b>
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*None Reported*



# Town Of Chadbourn

*"The Strawberry Capital"*

602 NORTH BROWN STREET • CHADBOURN, NORTH CAROLINA 28431  
TELEPHONE: (910) 654-4148

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

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<b>SECTION II. FINANCIAL STATEMENT FINDINGS</b>
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*None Reported*

**TOWN OF CHADBOURN, NORTH CAROLINA**

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2021

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***None***



# *The* North Carolina Strawberry Festival

Chadbourn, North Carolina