

**REPORT ON  
TOWN OF GARYSBURG  
GARYSBURG, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2021**

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Mayor**

Roy Bell

**Mayor Pro-Tem/Finance Officer**

Lola Ausby

**Town Administrator**

Diane Gallimore

**Town Attorney**

Maria Misse\*

**Board of Commissioners**

Rita Williams  
James Mayo  
Semiko Jacobs  
Iris Williams  
Lola Ausby

**TOWN OF GARYSBURG, NORTH CAROLINA**  
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**JUNE 30, 2021**

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## FINANCIAL SECTION

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**Independent Auditor's Report**

To the Honorable Mayor  
And Members of the Town of Garysburg  
Garysburg, North Carolina

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Garysburg, 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 Garysburg'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Town of Garysburg, North Carolina as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 2a through 2h and, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 25 and 26, and Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 27, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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 to 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 Town of Garysburg's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 audit standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

  
Johnson, McLean & Company, CPA's  
November 1, 2021

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
June 30, 2021

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 616,324
Taxes receivables (net)	91,778
Accrued interest receivable on taxes	34,870
Accounts receivable (net)	60,352
Restricted cash and cash equivalents	104,157
Total current assets	<u>907,481</u>
Capital assets (Note 1):	
Land, non-depreciable improvements, and construction in progress	262,259
Other capital assets, net of depreciation	1,053,104
Total capital assets	<u>1,315,363</u>
Total assets	<u>2,222,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrels	45,121
LEO deferrels	14,978
Total deferred outflows of resources	<u>60,099</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	12,722
Accrued interest payable	15,728
Notes payable due within one year	17,608
Long-term liabilities:	
Compensated absences	8,914
Net pension liability (LEO)	42,933
Net pension liability	82,546
Notes payable due in more than one year	825,843
Total liabilities	<u>1,006,294</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	597
LEO deferrals	7,085
Total deferred inflows of resources	<u>7,682</u>
<b>NET POSITION</b>	
Investment in capital assets	471,912
Restricted	
Stabilization by state statute	60,352
Streets	21,508
USDA loans	82,649
Unrestricted	632,565
Total net position	<u>\$ 1,268,986</u>

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



**TOWN OF GARYSBURG, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 230,069	\$ 21,504	\$ -	\$ -	\$	(208,565)
Public safety	225,469	-	33,315	-		(192,154)
Transportation	122,524	-	30,177	-		(92,347)
Economic and physical development	35,051	-	45,777	-		10,726
Environmental protection	6,116	-	-	-		(6,116)
Cultural and recreation	9,059	-	-	-		(9,059)
Interest on Long-Term Debt	42,255	-	-	-		(42,255)
Total governmental activities (See Note 1)	670,543	21,504	109,269	-		(539,770)
Total primary government	\$ 670,543	\$ 21,504	\$ 109,269	\$ -		(539,770)
General revenues:						
Taxes:						
Property taxes, levied for general purpose						
Other taxes						
Unrestricted investment earnings						
Miscellaneous						
Total general revenues, special items, and transfers						
Change in net assets						
Net position, beginning - previously reported						
Net position-ending						
					\$	1,268,986

## FUND FINANCIAL STATEMENTS

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	<u>Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
<b>ASSETS</b>		<b>Funds</b>
Cash and cash equivalents	\$ 616,324	\$ 616,324
Restricted cash	104,157	104,157
Receivables, net:		
Taxes	91,778	91,778
Accounts	60,352	60,352
Total assets	<u>872,611</u>	<u>872,611</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	12,722	12,722
Total liabilities	<u>12,722</u>	<u>12,722</u>
Deferred Inflows of Resources		
Property Taxes Uncollected	91,778	91,778
Property Taxes	-	-
Total deferred inflows of resources	<u>91,778</u>	<u>91,778</u>
Fund balances:		
Restricted		
State statute	60,352	60,352
Streets-Powell Bill	21,508	21,508
USDA Loans	82,649	82,649
Special Projects	134,985	134,985
Designated for subsequent year's expenditures	-	-
Unassigned	468,617	468,617
Total fund balances	<u>768,111</u>	<u>768,111</u>
Total liabilities and fund balances	<u>\$ 872,611</u>	<u>\$ 872,611</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,315,363
Deferred outflows resources	60,119
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	34,870
Liabilities for earned but deferred inflows in fund statements.	91,778
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds (Note 4).	(859,180)
Pension deferrals	(83,143)
LEO deferrals	(50,018)
Compensated absences	(8,914)
Net position of governmental activities	<u>\$ 1,268,986</u>

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

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

	<u>Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	
<b>REVENUES</b>		
Ad valorem taxes	\$ 619,585	\$ 619,585
Other taxes & licenses	-	-
Unrestricted intergovernmental	326,422	326,422
Restricted intergovernmental	30,421	30,421
Permits and fees	23,558	23,558
Investment earnings	256	256
Miscellaneous	106,520	106,520
Total revenues	<u>1,106,762</u>	<u>1,106,762</u>
<b>EXPENDITURES</b>		
Current:		
General government	222,393	222,393
Public safety	200,991	200,991
Transportation	112,547	112,547
Environmental protection	6,116	6,116
Economic and physical development	206,667	206,667
Culture and recreation	1,682	1,682
Debt Service:		
Principal Retirement	91,556	91,556
Interest	-	-
Total expenditures	<u>841,952</u>	<u>841,952</u>
Excess (deficiency) of revenues over expenditures	264,810	264,810
Other financing sources (uses):		
Installment obligations issued	-	-
Insurance recovery	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>
Revenue and other sources over (under) expenditures and other uses	264,810	264,810
Fund balances - beginning	<u>503,301</u>	<u>503,301</u>
Fund balances - ending	<u><u>\$ 768,111</u></u>	<u><u>\$ 768,111</u></u>

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

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2021**

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

Net changes in fund balances - total governmental funds	\$	264,810
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		136,132
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflows for tax revenues		(13,942)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		46,023
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense		(18,696)
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Compensated absences		4,672
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Total changes in net position of governmental activities	\$	418,999
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**TOWN OF GARYSBURG, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**ANNUAL BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2021**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 236,600	\$ 586,816	\$ 619,585	\$ 32,769
Other taxes & license	-	-	-	-
Unrestricted intergovernmental	283,700	286,353	326,422	40,069
Restricted intergovernmental	32,000	32,161	30,421	(1,740)
Permits and fees	6,150	23,150	23,558	408
Investment earnings	1,800	1,800	256	(1,544)
Miscellaneous	92,186	117,160	106,520	(10,640)
Total revenues	652,436	1,047,440	1,106,762	59,322
Expenditures:				
Current:				
General government	204,395	238,745	222,393	16,352
Public safety	223,218	230,271	200,991	29,280
Transportation	153,168	140,897	112,547	28,350
Environmental protection	6,150	6,150	6,116	34
Economic development	216,165	484,921	206,667	278,254
Cultural and recreation	45,000	45,020	1,682	43,338
Debt Service:			-	
Principal retirement	-	97,096	91,556	5,540
Interest and fees	-	-	-	-
Total expenditures	848,096	1,243,100	841,952	401,148
Revenues over (under) expenditures	(195,660)	(195,660)	264,810	460,470
Other financing sources (uses):				
Fund balance appropriated	195,660	195,940	-	(195,940)
Sale of capital assets	-	-	-	-
Insurance recovery	-	-	-	-
Installment obligations issued	-	-	-	-
Total other financing sources (uses)	195,660	195,940	-	(195,940)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 280	264,810	\$ 264,530
Fund balances, beginning of year			503,301	
Fund balances, end of year			\$ 768,111	

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**TOWN OF GARYSBURG, NORTH CAROLINA**  
**JUNE 30, 2021**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Garysburg 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 Garysburg is a municipal corporation, which 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 any component units, a legally separate entity for which the Town is financially accountable. The Town of Garysburg has no component units.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements identify the *governmental activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Statements for the fund category *governmental* are presented. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

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

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

*Government-wide Fund Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. 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.

*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



## **TOWN OF GARYSBURG, NORTH CAROLINA**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

#### **D. Budgetary Data**

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Finance officer is authorized by the budget ordinance to transfer appropriations within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or change functional appropriations by more than \$2,500 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

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

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

#### **E. Assets, Liabilities and Fund Equity**

##### **1. Deposits and Investments**

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

## TOWN OF GARYSBURG, NORTH CAROLINA

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

State law {G.S. 159-30 (c)} authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund.

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, and SEC-registered (2a-7) money market fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

#### 2. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

#### 3. Restricted Cash

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. USDA loans required cash to be set aside and restricted for future payments per loan agreement.

Government Activities	
General Fund	
Streets	\$ 21,508
USDA Loans	82,649
Total Governmental Activities	<u>\$ 104,157</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 July 1, the beginning of the fiscal year. These taxes are due on September 1; however, interest does not accrue until the following January 6. The taxes levied 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 which 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.

#### 6. 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. There were no minimum capitalization costs prior to July 1, 2003. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2002, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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. Also, the Town has elected not to capitalize those interest costs that are incurred during construction period of general capital assets.

# **TOWN OF GARYSBURG, NORTH CAROLINA**

## **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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

Estimated Asset Class	Useful Lives
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	5-10
Furniture and equipment	5-10
Computer equipment	3

### **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meets this criterion, contributions made to pension plan in the 2021 fiscal year, and pension changes. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

### **8. Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In fund financial statements the face amount of debt issued is reported as other financing sources.

### **9. Compensated Absences**

The vacation policies of the Town provide for the accumulation of up to twenty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The unused vacation at the end of the year was \$8,913.

The Town's sick leave policy provides for a maximum accumulation of 45 days 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. Sick leave in the amount of \$21,139 has been earned in the governmental funds.

### **10. Net Position/Fund Balances**

#### **Net Position**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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 balances can be spent.

## TOWN OF GARYSBURG, NORTH CAROLINA

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

The governmental fund types classify fund balances as follows:

**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 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.

**Restricted for USDA** – USDA loans require a portion of each payment to be set aside for future payments.

**Assigned** – This classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

**Assigned for Special Projects** – portion of fund balance that has been budgeted by the Board for special projects.

**Designated** for subsequent year's expenditures for the 2021-2022 budget ordinance.

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

## II. Pensions

For purposes of measuring the net pension asset, 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 Garysburg's employer contributions are recognized when due and the Town of Garysburg has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## III. Stewardship, Compliance, and Accountability

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

#### 1. Noncompliance with North Carolina General Statutes

Excess of Expenditures over Appropriations

None

#### 2. Contractual Violations

None.

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**IV. Detail Notes On All Funds**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, 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 policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$720,481 and a bank balance of \$923,190. The bank balance was covered by federal depository insurance. The Town has \$300 cash on hand at year-end.

**2. Receivables - Allowances for Doubtful Accounts**

The amounts presented in Exhibit A, the Statement of Net Position, are net of the following allowances for doubtful accounts:

<u>General Fund</u>	<u>June 30, 2021</u>
Taxes Receivable	\$ 91,778

**3. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 100,784	-	\$ -	\$ 100,784
Construction in progress	-	161,475	-	161,475
	<u>100,784</u>	<u>161,475</u>	<u>-</u>	<u>262,259</u>
<b>Capital assets being depreciated:</b>				
Buildings	1,270,271	23,000	-	1,293,271
Other improvements	41,378	-	-	41,378
Equipment	230,630	7,011	23,003	214,638
Vehicles and motorized equipment	162,242	-	76,082	86,160
Infrastructure	280,454	-	-	280,454
Total capital assets being depreciated	<u>1,984,975</u>	<u>30,011</u>	<u>99,085</u>	<u>1,915,901</u>
<b>Less accumulated depreciation for:</b>				
Buildings	366,479	25,856	-	392,335
Other improvements	38,789	2,443	-	41,232
Equipment	199,672	5,238	-	204,910
Vehicles and motorized equipment	119,399	14,053	-	133,452
Infrastructure	182,189	7,764	-	189,953
Total accumulated depreciation	<u>906,528</u>	<u>\$ 55,354</u>	<u>\$ -</u>	<u>961,882</u>
Total capital assets being depreciated, net	<u>1,078,447</u>			<u>1,053,104</u>
<b>Governmental activity capital assets, net</b>	<u><u>\$ 1,179,231</u></u>			<u><u>\$ 1,315,363</u></u>

# TOWN OF GARYSBURG, NORTH CAROLINA

## NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

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

General government	\$ 2,508
Public safety	25,422
Transportation	7,874
Recreation	7,377
Community and economic development	12,173
Total depreciation expense	<u>\$ 55,354</u>

### B. Liabilities

#### 1. Pension Plan Obligations

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

*Plan Description.* The Town of Garysburg 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Garysburg 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 Garysburg's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees and 10.84% for law enforcement officers, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

during the year. Contributions to the pension plan from the Town of Garysburg were \$19,234 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$82,546 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, 2019, the Town's proportion was 0.00231%, which was a decrease of 0.00013% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$19,234. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,424	\$ -
Changes of assumptions	6,143	-
Net difference between projected and actual earnings on pension plan investments	11,616	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,020	-
Town contributions subsequent to the measurement date	14,918	597
Total	<u>\$ 45,121</u>	<u>\$ 597</u>

\$45,121 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 8,366
2023	11,049
2024	6,755
2025	3,438
Thereafter	-
	<u>\$ 29,608</u>

# **TOWN OF GARYSBURG, NORTH CAROLINA**

## **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated 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, 2018 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	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to



**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 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)	\$ 167,477	\$ 82,546	\$ 11,963

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

**2. Law Enforcement Officers Special Separation Allowance**

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance.

At December 31, 2020, the Separation Allowances membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>2</u>
Total	<u>2</u>

**Summary of Significant Accounting Policies**

**Basis of Accounting.** The Town of Garysburg 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 basis of accounting. Benefits are recognized as expenses when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments.** The separation allowance has not accumulated assets in a trust that meets the criteria which are outlined in GASB Statement 73.

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in December 31, 2019 valuation. The total pension liability pension liability in the December 31, 2017 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.

**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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$29,022. 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 \$3,357.

	<b>Deferred Outflows of</b>	<b>Deferred Inflows of</b>
Differences between expected and actual experience	\$ 817	\$ 5,616
Changes of assumptions	14,181	1,469
County benefit payments and plan administrative expense made subsequent to measurement date	-	-
Total	<u>\$ 14,998</u>	<u>\$ 7,085</u>

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

\$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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amounts Recognized in Pension Expense as an Increase or (Decrease) to Pension Expense
<b>Year ended June 30:</b>			
2022	\$ 2,288	\$ 1,172	\$ 1,116
2023	2,288	1,172	1,116
2024	2,288	1,172	1,116
2025	2,288	1,151	1,137
2026	2,042	1,083	959
Thereafter	3,804	1,335	2,469

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.16 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 50,150	\$ 42,939	\$ 36,616

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

	2021
Beginning balance	\$ 29,022
Service Cost	2,770
Interest on the total pension liability	946
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(3,309)
Changes of assumptions or other inputs	13,510
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 42,939</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.

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Pension Expense	19,234	4,832	24,066
Pension Liability	82,546	42,939	125,485
Proportionate share of net pension liability	0.00281%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual expense	10,424	817	10,194
Change in assumptions	6,134	14,181	9,703
Net difference between projected and actual earnings on pension plan investments	11,616	-	11,616
Changes in proportion and differences between Town contributions and proportionate share of contribution	-	-	-
Town contribution subsequent to the measurement date	14,918	-	14,918
Deferred of Inflows of Resources			
Differences between expected and actual expense	-	5,616	5,616
Change in assumptions	-	1,469	1,469
Changes in proportion and differences between Town contributions and proportionate share of contribution	597	-	597

**b. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, NC 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$6,721 for the reporting year, which consisted of \$3,861 from the Town and \$2,860 from the law enforcement officers.

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**4. Long-Term Obligations**

Notes Payable

Notes payable at June 30, 2021 are comprised of the following individual agreements:

Governmental Activities:

Installment purchase contract for the construction of Town Hall (collateralized by the building) from USDA on February 9, 2005. The note is payable in twenty-four annual equal payments of \$24,731, including interest at a rate of 4.5%. \$ 358,466

Installment purchase contract for the construction of Town Hall (collateralized by the building) from USDA on February 9, 2005. The note is payable in twenty-four annual equal payments of \$1,537, including interest at a rate of 4.5%. 22,269

Installment contract for construction of Firehouse (collateralized by the building) from the USDA on January 28, 2009. The note is payable in twenty-eight annual installments of \$29,078, including interest at 4.5%. 457,717

\$ 838,452

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Governmental Activities		Total
	Principal	Interest	
2022	\$ 17,608	\$ 37,738	\$ 55,346
2023	18,400	36,946	55,346
2024	19,228	36,118	55,346
2025	20,094	39,002	59,096
2026-2030	114,877	180,603	295,480
2031-2035	143,164	144,816	287,980
2036-2040	178,416	98,314	276,730
2041-2045	222,349	54,381	276,730
2046-2049	104,315	11,996	116,311
	<u>\$ 838,451</u>	<u>\$ 639,914</u>	<u>\$ 1,478,365</u>

Changes in long-term obligations:

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion of Balance
Installment Purchases	\$ 892,435	\$ -	\$ (53,983)	\$ 838,452	\$ 16,850
Accrued Vacation Pay	13,586	-	(4,672)	8,914	
Total LEOSSA Liability	29,022	13,911	-	42,933	
Net Pension Liability	59,534	23,012	-	82,546	-
	<u>\$ 994,577</u>	<u>\$ 36,923</u>	<u>\$ (58,655)</u>	<u>\$ 972,845</u>	<u>\$ 16,850</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2021, the Town of Garysburg had a legal debt margin of \$6,995,891.

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

5. Deferred Outflows and Inflows of Revenues

The balance in deferred outflows of resources at year-end is composed of the following elements:

Contributions to pension plan in current fiscal year	\$ 45,718
LEOSSA	3,776

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

Contributions to pension plan in current fiscal year	\$ 597
LEOSSA	4,948

V. Summary Disclosure Of Significant Contingencies

Post-Employment Health Care Benefits

The Town does not provide post-employment health care benefits to the Town employees.

Other Employment Benefits

The Town provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Government 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 month's 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 by 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 payment 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.

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 has general liability, and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, worker's compensation coverage of up to statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property liability in excess of \$500,000 and \$300,000 for property and 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 does not carry flood insurance.

The Town carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

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 is bonded for \$60,000 and the Tax Collector is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

**TOWN OF GARYSBURG, NORTH CAROLINA  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**Federal and State Assisted Programs**

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

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

**VI. Significant Effects of Subsequent Events**

There have been no events which occurred between June 30, 2021 and the date of this report which have significant effect on the Town.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF GARYSBURG, NORTH CAROLINA**  
**TOWN OF GARYSBURG'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Years Ended June 30, 2017, 2018, 2019, 2020 & 2021**

**Local Government Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Garysburg's proportion of the net pension liability (asset) (%)	0.00231%	0.00218%	0.00236%	0.00251%	0.00259%
Garysburg's proportion of the net pension liability (asset) (\$)	\$82,546	\$59,534	\$55,987	\$38,346	\$54,968
Garysburg's covered-employee payroll	\$184,254	\$160,736	\$159,257	\$158,224	\$150,798
Garysburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.80%	37.04%	35.16%	24.24%	36.45%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	91.63%	94.18%	91.47%	98.09%

**TOWN OF GARYSBURG, NORTH CAROLINA  
TOWN OF GARYSBURG'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Years Ended June 30, 2017, 2018, 2019, 2020 & 2021**

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 19,234	\$ 14,690	\$ 12,879	\$ 11,905	\$ 12,023
Contributions in relation to the contractually required contribution	<u>19,234</u>	<u>14,918</u>	<u>12,879</u>	<u>11,905</u>	<u>12,023</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (228)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Garysburg's covered-employee payroll	\$ 184,254	\$ 160,736	\$ 159,257	\$ 161,102	\$ 158,224
Contributions as a percentage of covered-employee payroll	10.43%	9.27%	8.08%	7.38%	7.64%

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 29,022	\$ 27,878	\$ 25,569
Service Cost	2,770	2,467	2,679
Interest	946	1,015	808
Changes in benefit term	-	-	-
Difference between expected and actual experience in the measurement of total pension liability	(3,309)	(3,636)	607
Changes in assumptions and other inputs	13,510	1,298	(1,785)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance	<u>\$ 42,939</u>	<u>\$ 29,022</u>	<u>\$ 27,878</u>

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability	\$ 42,939	\$ 29,022	\$ 27,878
Covered payroll	77,215	70,935	78,616
Total pension liability as a percentage of covered payroll	55.61%	40.91%	35.46%

**INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**TOWN OF GARYSBURG, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		
	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Current year	\$ -	\$ 582,011	\$ -
Prior years	-	26,375	-
Penalties, interest, & advertising	-	11,199	-
Total ad valorem taxes	<u>586,816</u>	<u>619,585</u>	<u>32,769</u>
<b>Other Taxes and Licenses:</b>			
Privilege licenses	-	-	-
Cable franchise	-	-	-
Total other taxes and licenses	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local option sales tax	-	276,057	-
Beer and wine	-	4,072	-
Franchise tax	-	37,124	-
Sales & use tax refund	-	9,169	-
Total unrestricted intergovernmental revenues	<u>286,353</u>	<u>326,422</u>	<u>40,069</u>
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill allocation	-	30,177	-
ABC revenue	-	244	-
Total Restricted Intergovernmental Revenues	<u>32,161</u>	<u>30,421</u>	<u>(1,740)</u>
<b>Permits and Fees:</b>			
Vehicles License	-	5,391	-
Building Permits & Fees	-	210	-
Clerk of Court Fees	-	32	-
Ordinance Violations	-	17,925	-
Total Permits and Fees	<u>23,150</u>	<u>23,558</u>	<u>408</u>
<b>Investment Earnings</b>	<u>1,800</u>	<u>256</u>	<u>(1,544)</u>
<b>Other:</b>			
Powell Bill labor reimbursement	-	-	-
Contributions	-	6,110	-
Debt Payment from Fire Department	-	31,986	-
Rent	-	21,504	-
Grants	-	40,996	-
Miscellaneous	-	5,924	-
Total Other	<u>117,160</u>	<u>106,520</u>	<u>(10,640)</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,047,440</u>	<u>\$ 1,106,762</u>	<u>\$ 59,322</u>

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Administration:</b>			
Salaries and Employee Benefits	\$ -	\$ 43,596	\$ -
Operating Expenses	-	7,201	-
Total	<u>52,280</u>	<u>50,797</u>	<u>1,483</u>
<b>Governing Body:</b>			
Salaries and Employee Benefits	-	59,676	-
Operating Expenses	-	88,920	-
Capital Outlay	-	23,000	-
Total	<u>186,465</u>	<u>171,596</u>	<u>14,869</u>
Total General Government	<u>238,745</u>	<u>222,393</u>	<u>16,352</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and Employee Benefits	-	125,458	-
Operating Expenses	-	65,033	-
Total	<u>219,771</u>	<u>190,491</u>	<u>29,280</u>
<b>Fire:</b>			
Contribution to Fire Department	<u>10,000</u>	<u>500</u>	<u>9,500</u>
<b>Rescue:</b>			
Contribution to Rescue Squad	<u>500</u>	<u>10,000</u>	<u>(9,500)</u>
Total Public Safety	<u>230,271</u>	<u>200,991</u>	<u>29,280</u>
<b>Transportation:</b>			
<b>Streets and Highways</b>			
Salaries and Employee Benefits	-	53,780	-
Operating Expenses	-	58,767	-
Total Transportation	<u>140,897</u>	<u>112,547</u>	<u>28,350</u>
<b>Environmental Protection:</b>			
<b>Sanitation:</b>			
Operating Expenses	-	6,116	-
Total Environmental Protection	<u>6,150</u>	<u>6,116</u>	<u>34</u>
<b>Economic and Physical Development:</b>			
Operating expenses	-	92,025	-
Salaries & employment development	-	9,137	-
Capital outlay	-	105,505	-
Total Economic and Physical Development	<u>484,921</u>	<u>206,667</u>	<u>278,254</u>
<b>Cultural and Recreational:</b>			
<b>Parks and Recreation:</b>			
Operating expenses	-	1,682	-
Total Cultural and Recreational	<u>45,020</u>	<u>1,682</u>	<u>43,338</u>
<b>Debt Service:</b>			
Principal retirement	-	53,984	-
Interest and fees	-	37,572	-
Total Debt Service	<u>97,096</u>	<u>91,556</u>	<u>5,540</u>
Total Expenditures	<u>\$ 1,243,100</u>	<u>\$ 841,952</u>	<u>\$ 401,148</u>

**TOWN OF GARYSBURG, NORTH CAROLINA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues over (under) expenditures	<u>(195,660)</u>	<u>264,810</u>	<u>460,470</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>195,660</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>195,660</u>	<u>-</u>	<u>(195,660)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>264,810</u>	<u>\$ 264,810</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>503,301</u>	
End of year, June 30		<u><u>\$ 768,111</u></u>	

## OTHER SCHEDULES



**TOWN OF GARYSBURG, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2021

	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 597,566	\$ 581,863	\$ 15,703
2019-2020	20,114	-	5,382	14,732
2018-2019	16,983	-	4,899	12,084
2017-2018	13,157	-	3,745	9,412
2016-2017	11,640	-	2,641	8,999
2015-2016	9,271	-	2,408	6,863
2014-2015	10,336	-	3,016	7,320
2013-2014	8,363	-	1,602	6,761
2012-2013	8,099	-	1,916	6,183
2011-2012	7,757	-	866	6,891
2010-2011	3,626	-	3,626	-
<b>TOTALS</b>	<b>\$ 109,346</b>	<b>\$ 597,566</b>	<b>\$ 611,964</b>	<b>94,948</b>
LESS: Allowance for Uncollectible Ad Valorem Taxes Receivable				(3,170)
Ad valorem taxes receivable, net				<u>\$ 91,778</u>
<b>Reconciliation with Revenues</b>				
Taxes-Ad Valorem-General Fund				\$ 619,585
Plus amount written off per Statute of Limitations				3,578
Less penalties, interest, & advertising collected				<u>(11,199)</u>
Total collections and credits				<u>\$ 611,964</u>

**TOWN OF GARYSBURG, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
June 30, 2021

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy					
Property taxed at current year's rate	\$ 93,931,666	0.60%	\$ 563,590	\$ 563,590	\$ -
Registered motor vehicles taxed at current year's rate	5,662,666	0.60%	33,976	-	33,976
	<u>\$ 99,594,332</u>		<u>\$ 597,566</u>	<u>\$ 563,590</u>	<u>\$ 33,976</u>
Net Levy			597,566	563,590	33,976
Uncollected taxes at June 30, 2021			(15,703)	(15,703)	-
Current Year's Taxes Collected			<u>\$ 581,863</u>	<u>\$ 547,887</u>	<u>\$ 33,976</u>
Current Levy Collection Percentage			<u>97.37%</u>	<u>97.21%</u>	<u>100.00%</u>