

***REVIEWED***

***By SLGFD at 9:52 am, May 03, 2022***

TOWN OF JAMESVILLE,  
NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2021

**TOWN OF JAMESVILLE**

**JAMESVILLE, NORTH CAROLINA**

**TOWN OFFICIALS**

**Mayor**

Dennis Anton

**Town Commissioners**

Willis Williams - Mayor Pro-Term

Mary Allen

Carolyn Martin

Larris Tolson

Rachel Craddock

**Town Clerk**

Kimberly Cockrell

Town of Jamesville, North Carolina  
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June 30, 2021

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# Rebekah Barr, CPA PC

*Certified Public Accountant*

5422 Boswellville Road  
Wilson, North Carolina 27893  
Office: 252-230-6294 • Fax: 252-237-2426

Email: [contact@rbarrcpa.com](mailto:contact@rbarrcpa.com)

## Independent Auditors' Report

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

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

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 of Town of Jamesville, 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 of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-16, Local Governmental Employees' Retirement Systems' Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 47 through 48 and the Other Post-employment Benefits' Schedule of Changes in the Total OPEB Liability and related Ratios on page 49 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 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 Jamesville, North Carolina. The individual fund statements and schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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, the individual fund financial statements, and schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Rebekah Barr, CPA PC  
Certified Public Accountant  
Wilson, North Carolina

April 29, 2022

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

As management of the Town of Jamesville we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town 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 exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$579,158. (*net position*).
- The government's total net position decreased by \$50,572, due to increases in payroll expenses, OPEB Liability, Lab testing, Insurance and distribution and collection repairs.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$584,860 with a net change of \$15,768 in fund balance. Approximately 28.4% of this amount, or \$166,152, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$404,568, or approximately 139.43 percent of total general fund expenditures for the fiscal year.
- The long-term liabilities of the Town are for compensated absences, other postemployment benefits and retirement liabilities.

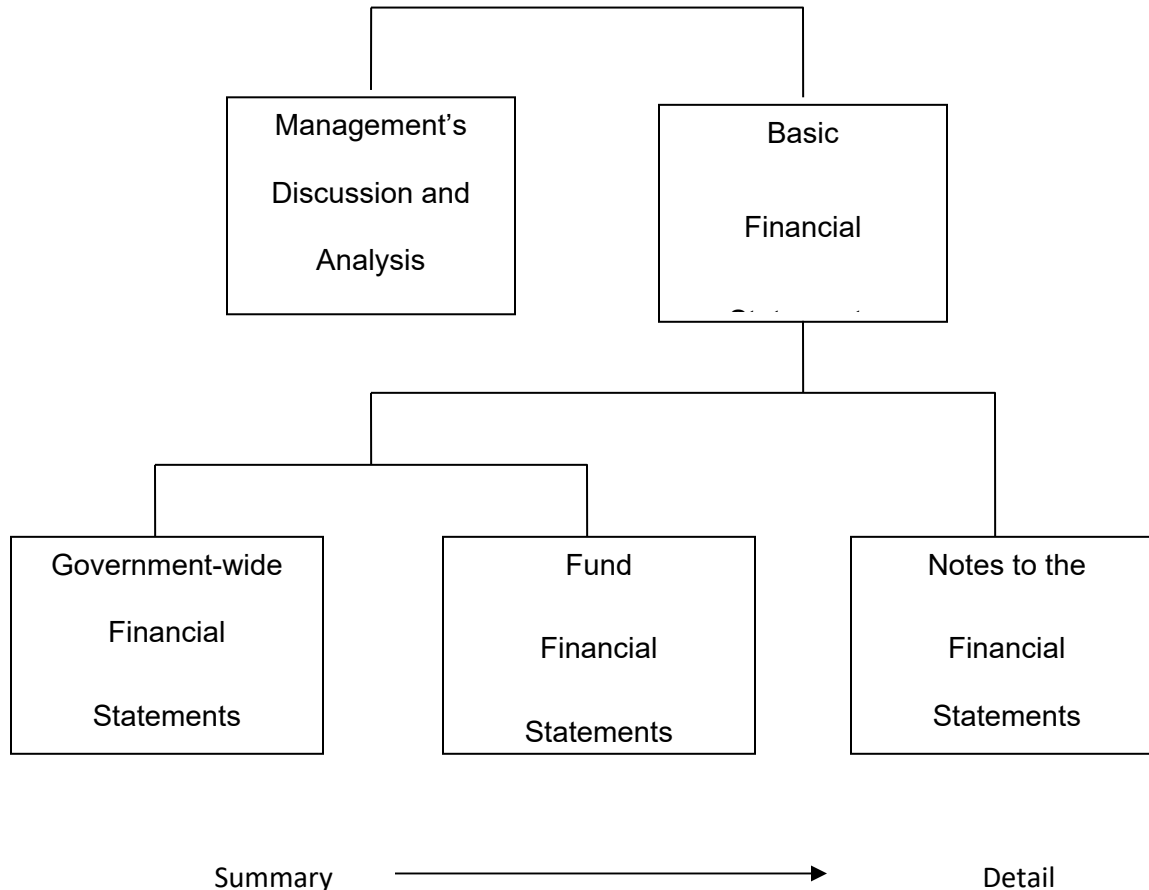
### **Overview of the Financial Statements**

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

# Town of Jamesville, North Carolina Management's Discussion and Analysis

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

# Town of Jamesville, North Carolina Management's Discussion and Analysis

## Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town 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 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between 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.

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 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 Jamesville's progress in funding its obligation to provide other postemployment benefits and pension benefits to its employees. Required supplementary information can be found beginning on page 47 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.

# Town of Jamesville, North Carolina Management's Discussion and Analysis

## Government-Wide Financial Analysis

### The Town of Jamesville's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 634,529	\$ 630,279	\$ 241,863	\$ 232,399	\$ 876,392	\$ 862,678
Capital assets	45,574	51,361	304,977	323,741	350,551	375,102
Deferred outflows of resources	126,630	70,555	95,244	55,748	221,874	126,303
Total assets and deferred outflows of resources	806,733	752,195	642,084	611,888	1,448,817	1,364,083
Other liabilities	15,383	19,342	27,957	28,962	43,340	48,304
Long-term liabilities outstanding	448,479	355,650	336,650	269,969	785,129	625,619
Deferred inflows of resources	23,050	38,990	18,140	21,788	-	60,778
Total liabilities and deferred inflows of resources	486,912	413,982	382,747	320,719	828,469	734,701
Net position:						
Net investment in capital assets	45,574	51,361	304,977	323,741	350,551	375,102
Restricted	166,152	161,141	-	-	166,152	161,141
Unrestricted	108,095	125,711	(45,640)	(32,572)	62,455	93,139
Total net position	\$ 319,821	\$ 338,213	\$ 259,337	\$ 291,169	\$ 579,158	\$ 629,382

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 exceeded liabilities and deferred inflows of resources by \$579,158 as of June 30, 2021. The Town's net position decreased by \$50,572 for the fiscal year ended June 30, 2021. The largest portion of net position (60.5%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$166,152 (28.7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$62,455 (10.8%) is unrestricted.

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

- Increases in payroll expenses, OPEB Liability, Lab testing, Insurance, Distribution and

## Town of Jamesville, North Carolina Management's Discussion and Analysis

Collection repairs. The Town took preventive measures due to the COVID-19 pandemic and uncertainty of the impact it will have on the economy and cut utility sales tax revenues by 10% and local option sales tax revenues by 3%. There were no COLA or merit raises included in the budget for Town employees.

**Town of Jamesville'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	\$ 12,630	\$ 11,155	\$ 211,430	\$ 195,626	\$ 224,060	\$ 206,781
Operating grants and contributions	30,348	17,064	-	-	30,348	17,064
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	147,304	146,105	-	-	147,304	146,105
Grants and contributions not restricted to specific programs	95,822	91,236	-	-	95,822	91,236
Other	4,055	10,689	93	2,225	4,148	12,914
Total revenues	290,159	276,249	211,523	197,851	501,682	474,100
Expenses:						
General government	175,791	153,933	-	-	175,791	153,933
Public safety	6,285	8,775	-	-	6,285	8,775
Transportation	40,758	38,103	-	-	40,758	38,103
Environmental protection	86,065	78,197	-	-	86,065	78,197
Water and sewer	-	-	243,355	225,330	243,355	225,330
Total expenses	308,899	279,008	243,355	225,330	552,254	504,338
Increase (decrease) in net position	(18,740)	(2,759)	(31,832)	(27,479)	(50,572)	(30,238)
Net position, July 1	338,213	340,972	291,169	318,648	629,382	659,620
Restatement	-	-	-	-	-	-
Net position, beginning, restated	338,213	340,972	291,169	318,648	629,382	659,620
Net position, June 30	\$ 319,473	\$ 338,213	\$ 259,337	\$ 291,169	\$ 578,810	\$ 629,382

**Governmental activities.** Governmental activities decreased the Town's net position by \$18,740. Key element of this decrease are as follows:

- Increase in payroll expenses and OPEB Liability
- Decrease of 96% in bank interest due to COVID-19 Pandemic

**Business-type activities:** Business-type activities decreased the Town's net position by \$27,479. Key elements of the decrease are as follows:

- Increase in payroll expenses, OPEB Liability, Lab testing, Insurance and Distribution/Collection repairs.

## Town of Jamesville, North Carolina Management's Discussion and Analysis

- Decrease of 96% in bank interest due to COVID-19 Pandemic

### Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Jamesville's fund balance available in the General Fund was \$524,375, while total fund balance reached \$584,860. The Town currently has an available fund balance of 190.23% of general fund expenditures, while total fund balance represents 216.49% of the same amount. The Town has not adopted a minimum fund balance policy for the general fund.

The General Fund is the Town's only governmental fund.

**General Fund Budgetary Highlights:** During the fiscal year, the Town made several revisions to the budget. 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.

Total revenues and expenditures were in line with budgeted amounts in the General Fund.

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to (\$45,640). The net position for the Water and Sewer Fund decreased by \$31,832. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

### Capital Asset and Debt Administration

**Capital assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$350,551 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment and the water and sewer distribution system. There were no significant disposals during the June 30, 2021 fiscal year.

# Town of Jamesville, North Carolina Management's Discussion and Analysis

## Town of Jamesville's Capital Assets (net of depreciation)

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 13,500	\$ 13,500	\$ 16,104	\$ 16,104	\$ 29,604	\$ 29,604
Distribution systems	-	-	284,569	302,074	284,569	302,074
Buildings	1,735	1,695	-	-	1,735	1,695
Machinery and equipment	13,743	18,595	4,304	5,563	18,047	24,158
Infrastructure	16,596	17,571	-	-	16,596	17,571
Total	\$ 45,574	\$ 51,361	\$ 304,977	\$ 323,741	\$ 350,551	\$ 375,102

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

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

## Town of Jamesville's Long-Term Liabilities Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Compensated absences	10,772	11,621	6,893	7,790	17,665	19,411
Total OPEB liability	384,521	306,737	290,351	234,024	674,872	540,761
Net pension liability (LGERS)	54,035	40,186	40,303	30,273	94,338	70,459
Total	\$ 449,328	\$ 358,544	\$ 337,547	\$ 272,087	\$ 786,875	\$ 630,631

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 the Town is \$1,593,600.

Additional information regarding the Town's long-term obligations can be found in Note II of this report.

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

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

The following key economic factors related to the growth of the Town.

The Town is located in Martin County and has a population of 424. The unemployment rate for Martin County at June 30, 2021 was 6.3 percent compared to the statewide rate of 5.0 percent.

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

**Governmental Activities:** Ad valorem taxes remained at the same rate. Appropriated fund balance was allocated for 2022 Annual Herring Festival and tools/materials needed to repair streets. There was an increase of 5.5% in payroll liabilities while Merit and COLA increases were given to Employees due to no increases given the prior year due to the Pandemic. Budgeted revenues and expenditures in the Town's General Fund for the June 30, 2021 fiscal year are consistent with the June 30, 2021 budget.

**Business – type Activities:** A 10% Water and Sewer rate increase was included for flat rate and per thousand-gallon rate; pre-planning for new water plant. Appropriations were made for repair of sanitary sewer pipe that collapsed and for extra testing due to a water notice of deficiency. Budgeted revenues and expenditures in the Town's Water and Sewer Fund for the June 30, 2021 fiscal year are consistent with the June 30, 2021 budget.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Dennis Anton, Mayor or Kimberly Cockrell, Town Clerk of the Town of Jamesville, PO Box 215, Jamesville, NC 27846. Telephone – 252-792-5006 and Fax 252-799-4313.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Town of Jamesville, North Carolina  
Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 433,267	\$ 223,474	\$ 656,741
Taxes receivable, net	30,317	-	30,317
Accrued interest receivable on taxes	4,793	-	4,793
Accounts receivable - net	-	18,691	18,691
Due from other governments	33,289	-	33,289
Internal balances	27,196	(27,196)	-
Restricted cash and cash equivalents	105,667	26,894	132,561
<b>Total Current Assets</b>	<b>634,529</b>	<b>241,863</b>	<b>876,392</b>
<i>Capital Assets</i>			
Land and other nondepreciable assets	13,500	16,104	29,604
Other capital assets, net of depreciation	32,074	288,873	320,947
<b>Total Capital Assets</b>	<b>45,574</b>	<b>304,977</b>	<b>350,551</b>
<b>Total assets</b>	<b>680,103</b>	<b>546,840</b>	<b>1,226,943</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>126,630</b>	<b>95,244</b>	<b>221,874</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	14,534	166	14,700
Payable from restricted assets	-	26,894	26,894
Compensated absences - current	849	897	1,746
<b>Total Current Liabilities</b>	<b>15,383</b>	<b>27,957</b>	<b>43,340</b>
<i>Long-term liabilities:</i>			
Net pension liability	54,035	40,303	94,338
Total OPEB liability	384,521	290,351	674,872
Compensated absences - long-term	9,923	5,996	15,919
<b>Total Liabilities</b>	<b>463,862</b>	<b>366,607</b>	<b>828,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>23,050</b>	<b>18,140</b>	<b>41,190</b>
<b>NET POSITION</b>			
Net investment in capital assets	45,574	304,977	350,551
<i>Restricted for:</i>			
Stabilization by State Statute	60,485	-	60,485
Streets	105,667	-	105,667
<i>Unrestricted</i>	108,095	(45,640)	62,455
<b>Total Net Position</b>	<b>\$ 319,821</b>	<b>\$ 259,337</b>	<b>\$ 579,158</b>

The accompanying notes are an integral part of this financial statement.

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 175,791	\$ 30	\$ 15,799	\$ -	\$ (159,962)	\$ -	\$ (159,962)
Public safety	6,285	-	-	-	(6,285)	-	(6,285)
Transportation	40,758	-	14,201	-	(26,557)	-	(26,557)
Environmental protection	86,065	12,600	348	-	(73,117)	-	(73,117)
Total governmental activities	308,899	12,630	30,348	-	(265,921)	-	(265,921)
Business-type activities:							
Water and sewer	243,355	211,430	-	-	-	(31,925)	(31,925)
Total business-type activities	243,355	211,430	-	-	-	(31,925)	(31,925)
Total primary government	\$ 552,254	\$ 224,060	\$ 30,348	\$ -	(265,921)	(31,925)	(297,846)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					147,304	-	147,304
Grants and contributions not restricted to specific program:					95,822	-	95,822
Unrestricted investment earnings					174	93	267
Miscellaneous, unrestricted					3,881	-	3,881
Transfers					-	-	-
Total general revenues, special items, and transfers					247,181	93	247,274
Change in net position					(18,740)	(31,832)	(50,572)
Net position-beginning, previously reported					338,213	291,169	629,382
Net position-ending					\$ 319,473	\$ 259,337	\$ 578,810

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

## **FUND FINANCIAL STATEMENTS**

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

	<u>Major Fund</u> <u>General Fund</u>	<u>Total Governmental</u> <u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 433,267	\$ 433,267
Restricted cash and cash equivalents	105,667	105,667
Taxes receivable, net	30,317	30,317
Due from other funds	27,196	27,196
Due from other governments	33,289	33,289
<b>Total assets</b>	<u>629,736</u>	<u>629,736</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	14,534	14,534
<b>Total Liabilities</b>	<u>14,534</u>	<u>14,534</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	30,317	30,317
Unearned revenue	25	25
<b>Total deferred inflows of resources</b>	<u>30,342</u>	<u>30,342</u>
<b>FUND BALANCES</b>		
Restricted:		
Stabilization by State Statute	60,485	60,485
Streets	105,667	105,667
Assigned:		
Subsequent year's expenditures	14,140	14,140
Unassigned	404,568	404,568
<b>Total Fund Balance</b>	<u>584,860</u>	<u>584,860</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 629,736</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	162,192	
Accumulated depreciation	<u>(116,618)</u>	45,574
Deferred outflows of resources related to pensions are not reported in the funds		31,486
Deferred outflows of resources related to OPEB are not reported in the funds		95,144
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resource in the funds.		4,793
Earned revenues considered deferred inflows of resources in the fund statements.		30,317
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Net pension liability	(54,035)	
Compensated absences	(10,772)	
Net OBEB liability	<u>(384,521)</u>	(449,328)
Deferred inflows of resources related to pensions are not reported in the funds		(488)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(22,537)</u>
Net position of governmental activities		<u>\$ 319,821</u>

*The accompanying notes are an integral part of this financial statement.*

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

	<b>Major Fund</b>
	<b>General Fund</b>
<b>Revenues</b>	
Ad valorem taxes	\$ 142,715
Unrestricted intergovernmental	95,822
Restricted intergovernmental	30,348
Permits and fees	30
Sales and services	12,600
Investment earnings	174
Miscellaneous Income	4,229
<b>Total revenues</b>	<b>285,918</b>
<b>EXPENDITURES</b>	
Current:	
General Government	166,279
Public Safety	6,285
Transportation	32,460
Environmental protection	65,126
<b>Total Expenditures</b>	<b>270,150</b>
Excess (deficiency) of revenues over expenditures	15,768
<b>Other Financing Sources</b>	
Sale of capital assets	-
Net change in fund balance	15,768
<b>Fund balances, beginning</b>	<b>569,092</b>
<b>Fund balances, ending</b>	<b>\$ 584,860</b>

*The accompanying notes are an integral part of this financial statement.*

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	15,768
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 as reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	\$	-
Depreciation expense for governmental assets	<u>(5,887)</u>	(5,887)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		9,498
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		12,164
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		4,589
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	(19,722)	
Compensated absences	(849)	
OPEB plan expense	<u>(33,953)</u>	(54,524)
<b>Changes in Net Position-Governmental Funds</b>	<b>\$</b>	<b><u><u>(18,392)</u></u></b>

*The accompanying notes are an integral part of this financial statement.*

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

	<b>Budgeted Amounts</b>			<b>Variance Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Ad valorem taxes	\$ 146,500	\$ 146,500	\$ 142,715	\$ (3,785)
Unrestricted intergovernmental	82,300	82,300	95,822	13,522
Restricted intergovernmental	16,200	16,200	30,348	14,148
Permits and fees	30	30	30	-
Sales and services	13,000	13,000	12,600	(400)
Investment earnings	3,360	3,360	174	(3,186)
Miscellaneous Income	5,525	5,525	4,229	(1,296)
<b>Total revenues</b>	<b>266,915</b>	<b>266,915</b>	<b>285,918</b>	<b>19,003</b>
<b>EXPENDITURES</b>				
Current:				
General Government	168,346	168,346	166,279	2,067
Public Safety	14,000	14,000	6,285	7,715
Transportation	72,172	72,172	32,460	39,712
Environmental protection	61,550	61,550	65,126	(3,576)
<b>Total Expenditures</b>	<b>316,068</b>	<b>316,068</b>	<b>270,150</b>	<b>45,918</b>
Excess (deficiency) of revenues over expenditures				
<b>Other Financing Sources</b>				
Sale of capital assets	-	-	-	-
Fund balance appropriated	49,153	49,153	-	(49,153)
Net change in fund balance	\$ -	\$ -	\$ 15,768	\$ (76,068)
<b>Fund balances, beginning</b>			569,092	
<b>Fund balances, ending</b>			<b>\$ 584,860</b>	

*The accompanying notes are an integral part of this financial statement.*

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

	Major Enterprise Fund
	Water and Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 223,474
Accounts receivable (net) - billed	9,451
Accounts receivable (net) - unbilled	9,240
Restricted cash and cash equivalents	26,894
Total current assets	<u>269,059</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	16,104
Other capital assets, net of depreciation	288,873
Total noncurrent assets	<u>304,977</u>
Total assets	<u>\$ 574,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>95,244</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 166
Due to other funds	27,196
Compensated absences - current	897
Liabilities payable from restricted assets:	
Customer deposits	26,894
Total current liabilities	<u>55,153</u>
Long-term liabilities:	
Compensated absences	5,996
Total OPEB liability	290,351
Net pension liability	40,303
Total long-term liabilities	<u>336,650</u>
Total liabilities	<u>391,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>18,140</u>
<b>NET ASSETS</b>	
Net investment in capital assets	304,977
Unrestricted	(45,640)
Total net position	<u>\$ 259,337</u>

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

**Town of Jamesville, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Major Enterprise Fund</b>
	<b>Water and Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 209,470
Other operating revenues	1,960
Total operating revenues	<u>211,430</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	141,123
Utilities	20,538
Professional fees	16,159
Supplies, materials and repairs	35,128
Depreciation expense	18,764
Insurance	5,845
Other	5,798
Total operating expenses	<u>243,355</u>
Operating income (loss)	<u>(31,925)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest on investments	<u>93</u>
Total nonoperating revenue (expenses)	<u>93</u>
Income (loss) before contributions and transfers	(31,832)
Capital contributions	-
Transfers (to) from other funds	-
Change in net position	<u>(31,832)</u>
Total net position - beginning	291,169
Total net position - ending	<u><u>\$ 259,337</u></u>

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

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

Major Enterprise Fund
Water and Sewer Fund

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 210,420
Cash paid for goods and services	(83,468)
Cash paid to employees for services	(118,806)
Customer deposits received	2,400
Customer deposits returned	(2,092)
Other operating revenues	1,960
Net cash provided (used) by operating activities	<u>10,414</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	-
Net cash provided (used) by capital and related financing activities	<u>-</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on investments	93
Net cash (used) by investing activities	<u>93</u>
Net increase (decrease) in cash and cash equivalents	10,507
Balances-beginning of the year	<u>239,954</u>
Balances-end of the year	<u><u>\$ 250,461</u></u>

Reconciliation of operating income to net cash  
provided by operating activities

Operating income	\$ (31,832)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	18,764
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	950
(Increase) decrease in deferred outflows of resources	(39,496)
Increase (decrease) in net pension liability	10,030
Increase (decrease) in net OPEB liability	56,327
Increase (decrease) in deferred inflows of resources	(3,648)
Increase (decrease) in accounts payable and accrued liabilities	(92)
Increase (decrease) in customer deposits	308
Increase (decrease) in compensated absences	(897)
Total adjustments	<u>42,246</u>
Net cash provided by operating activities	<u><u>\$ 10,414</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**Town of Jamesville, North Carolina**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2021**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Jamesville 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 Jamesville is a municipal corporation that is governed by an elected mayor and a five-member council.

***B. Basis of Presentation***

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

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 Jamesville because the tax is levied by 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. 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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances when needed are adopted for the Enterprise Fund Capital Projects Fund, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions to the budget. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

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

State Law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT – Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months.

##### ***2. Cash and Cash Equivalents***

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town 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.

##### ***3. Restricted Assets***

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Power Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Town of Jamesville Restricted Cash

Governmental Activities

General Fund

Streets	\$ 105,667
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Business-type Activities

Water and Sewer Fund

Customer deposits	<u>26,894</u>
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Total Restricted Cash

<u>\$ 132,561</u>
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**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. However, effective July 1, 2008, the Town contracts with Martin County to levy, bill, and collect all ad valorem taxes except motor vehicle taxes. 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.

**6. Inventory**

Enterprise fund supplies are recorded as expenses when purchased and not inventoried at year-end because the amounts are considered immaterial by the Town.

**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, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
Infrastructure	30
Buldings	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

## **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. 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 meets the criterion for this category – property taxes receivable, 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.

## **10. Compensated Absences**

The vacation policies of the Town provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-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 and proprietary fund financial statements.

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

## **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. The Town does not have any nonspendable fund balances for the governmental fund types.

*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 unexpected 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 the Town of Jamesville'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 otherwise revise the limitation.

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

*Subsequent Years' Expenditures* – portion of fund balance that is appropriated in the next years' budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Town has 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.

## **12. Defined Benefit Cost Sharing Plan**

For the 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 to LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Jamesville's employer contributions are recognized when due and the Town of Jamesville 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.

## **13. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **14. Subsequent Events – Date of Management’s Evaluation**

Management has evaluated subsequent events through the date of the independent auditors’ report, the date which the financial statements were available to be issued.

#### **NOTE II – DETAILS NOTES ON ALL FUNDS**

##### **A. Assets**

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

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 these unit’s names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town’s agents in their 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town’s deposits had a carrying amount of \$748,480 and a bank balance of \$761,706. Of the bank balances, \$269,921 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town’s petty cash fund totaled \$26.

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

At June 30, 2021, the Town of Jamesville had \$40,791 invested with the North Carolina Capital Management Trust’s Government Portfolio which carried a credit rating of AAAM by Standard and Poor’s. The amount has been included with cash and cash equivalents. The Town has no policy regarding credit risk of its investments.

##### **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:

General Fund	
Taxes receivable	\$ 14,118
Enterprise Fund:	
Water and Sewer Fund - accounts receivable	<u>11,538</u>
	<u>\$ 25,656</u>

#### 4. Capital Assets

##### Governmental Capital Assets

A summary of changes in the Town's capital assets used in governmental activities follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
<b>Capital assets being depreciated:</b>				
Buildings	14,949	-	-	14,949
Infrastructure	29,290	-	-	29,290
Vehicles	20,744	-	-	20,744
Computer equipment	7,115	-	-	7,115
Equipment	76,594	-	-	76,594
<b>Total capital assets being depreciated</b>	<b>148,692</b>	<b>-</b>	<b>-</b>	<b>148,692</b>
<b>Less Accumulated Depreciation</b>				
Buildings	13,154	60	-	13,214
Infrastructure	11,719	975	-	12,694
Vehicles	12,375	3,456	-	15,831
Computer equipment	7,115	-	-	7,115
Equipment	66,368	1,396	-	67,764
<b>Total Accumulated Depreciable</b>	<b>110,731</b>	<b>\$ 5,887</b>	<b>\$ -</b>	<b>116,618</b>
Total capital assets being depreciated, net	37,961			32,074
<b>Governmental activity capital assets, net</b>	<b>\$ 51,461</b>			<b>\$ 45,574</b>

Depreciable expense was charged to functional programs of the primary government as follows:

General Government	\$ 660
Environmental protection	2,371
Transportation	2,856
<b>Total</b>	<b>\$ 5,887</b>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type Activities:</b>				
<b>Water and Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 16,104	\$ -	\$ -	\$ 16,104
<b>Capital assets being depreciated:</b>				
Distribution system	1,918,997	-	-	1,918,997
Equipment	71,899	-	-	71,899
<b>Total capital assets being depreciated</b>	<b>1,990,896</b>	<b>-</b>	<b>-</b>	<b>1,990,896</b>
<b>Less Accumulated Depreciation</b>				
Distribution system	1,616,923	17,505	-	1,634,428
Equipment	66,336	1,259	-	67,595
<b>Total Accumulated Depreciable</b>	<b>1,683,259</b>	<b>\$ 18,764</b>	<b>\$ -</b>	<b>1,702,023</b>
Total capital assets being depreciated, net	307,637			288,873
<b>Water and Sewer Fund capital assets, net</b>	<b>\$ 323,741</b>			<b>\$ 304,977</b>

## **Construction Commitments**

Based on the Town's funding request, the Town received a letter of intent in March of 2019 for a Drinking Water State Revolving Fund loan of \$906,066 for a water treatment plant replacement. On June 29, 2020, the Town was approved for the loan assistance in the amount of \$906,066. Of this amount 75% of the loan can be forgiven and 25% (\$226,516) will be paid back at zero interest. On April 9, 2019, the Town entered into an engineering agreement for the water treatment plant replacement construction project in the amount of \$140,000. No engineering expenditures were made during the June 30, 2021 fiscal year.

## **B. Liabilities**

### **1. Pension Plan and Postemployment Obligations Local**

#### **Governmental Employees' Retirement System**

*Plan Description.* The Town of Jamesville is a participating employer in the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined pension plan administered by the State of North Carolina. LERS 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 LERS 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 (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LERS 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.

LERS 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 Jamesville 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 Jamesville's contractually required contribution rate for the year ended June 30, 2021, was 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Jamesville were \$16,375 for the year ended June 30, 2021.

**Refunds of Contributions** – City 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 \$94,338 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 .00264% which was an increase of 0.00006% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$34,031. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,913	\$ -
Changes of assumptions	7,021	-
Net difference between projected and actual earnings on pension plan investments	13,275	-
Changes in proportion and differences between City contributions and proportionate share of contributions	4,078	870
City contributions subsequent to the measurement date	16,375	-
Total	<u>\$ 52,662</u>	<u>\$ 870</u>

\$16,375 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 inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$	10,445
2023		13,233
2024		7,811
2025		3,929
2026		-
Thereafter		-

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

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

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

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

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

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

*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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 191,402	\$ 94,338	\$ 13,671

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

## **Other Post-employment Benefits**

### Health Care Benefits

*Plan Description.* The Town provides post-employment health care benefits through a single-employer defined benefit plan to retirees of the Town. The Town Board has the authority to establish and amend benefit terms and financing agreements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* Benefits are provided to retirees of the Town provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of creditable service with the Town and were hired before November 14, 2011. On November 14, 2011, the Town approved to cease providing postemployment healthcare benefits to future retirees that were hired on or after November 14, 2011. Current employees hired before November 14, 2011 who otherwise qualify will continue to be eligible for postemployment healthcare benefits. Based on the amount of creditable service, the Town pays either the full cost or 50% of coverage for these benefits. The coverage would be at the same rate as is provided for an active permanent employee. For retirees 65 years of age and older, health care coverage would be provided through a Medicare supplement. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Health Care Benefits Plan consisted of the following at June 30, 2018, the date of the latest actuarial study: Three active plan members and one retiree receiving benefits.

### **Total OPEB Liability**

The Town's total OPEB liability of \$674,872 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, 2020 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	3.50%-7.75% including inflation
Discount rate	2.21%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2020, decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020, decreasing to an ultimate rate of 4.50% by 2024

The discount rate is based on the yield of the Bond Buyer General Obligation 20-year Municipal Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

#### Changes in the Total OPEB Liability

	<u><b>Total OPEB Liability</b></u>
<b>Balance at July 1, 2020</b>	\$ 540,761
<b>Changes for the year</b>	
Service cost	15,974
Interest	19,162
Changes of benefit terms	-
Differences between expected and actual experience	4,836
Changes in assumptions of other inputs	112,792
Benefit payments	<u>(18,653)</u>
<b>Net changes</b>	<u>134,111</u>
<b>Balance at June 30, 2021</b>	<u><u>\$ 674,872</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 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:

	<u><b>1% Decrease (1.21%)</b></u>	<u><b>Discount Rate (2.21%)</b></u>	<u><b>1% Increase (3.21%)</b></u>
Total OPEB liability	\$ 789,595	\$ 674,872	\$ 583,467

*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 cost trend rates:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 571,747	\$ 674,872	\$ 806,552

#### **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 \$58,542. 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	\$ 30,937	\$ 730
Changes of assumptions	115,769	39,565
Benefit payments and administrative costs made subsequent to the measurement date	58,542	-
Total	<u>\$ 205,248</u>	<u>\$ 40,295</u>

\$58,542 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 OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

#### **Year ended June 30:**

2022	\$ 21,086
2023	21,086
2024	21,086
2025	20,882
2026	21,109
Thereafter	1,162

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

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 16,375
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	58,542
Differences between expected and actual experience	42,850
Changes in assumptions	122,790
Net difference between projected and actual earnings on pension plan investments	13,275
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,078
Total	<u>\$257,910</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 30,317
Unearned revenue	25	25
Differences between expected and actual experience	730	-
Changes in assumptions	40,435	-
<b>Total</b>	<b>\$ 41,190</b>	<b>\$ 30,342</b>

### 3. ***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 carries various insurance with private insurance companies. Coverage as of June 30, 2021 included general liability \$3,000,000, real and personal property \$2,629,257 and auto liability \$1,000,000. Workmen's compensation and employee health coverage are purchased through self-funded risk financing pools administered by the North Carolina League of Municipalities. Workmen's compensation coverage is purchased up to statutory limits. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the insurance carrier. They have purchased commercial flood insurance for \$1,141,800 per each occurrence with a deductible of \$5,000.

In accordance with [G.S. 159-29], the Town 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 \$50,000.

#### 4. Long Term Obligations

##### Changes in Long-Term

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Compensated absences	\$ 11,621	\$ -	\$ 849	\$ 10,772	\$ 849
Total OPEB liability	306,737	77,784	-	384,521	-
Net pension liability (LGERS)	40,186	13,849	-	54,035	-
Total long-term liabilities	<u>\$ 358,544</u>	<u>\$ 91,633</u>	<u>\$ 849</u>	<u>\$ 449,328</u>	<u>\$ 849</u>

##### **Business-type Activities:**

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

Compensated absences	\$ 7,790	\$ -	\$ 897	\$ 6,893	\$ 897
Total OPEB liability	234,024	56,327	-	290,351	-
Net pension liability (LGERS)	30,273	10,030	-	40,303	-
Total long-term liabilities	<u>\$ 272,087</u>	<u>\$ 66,357</u>	<u>\$ 897</u>	<u>\$ 337,547</u>	<u>\$ 897</u>

Compensated absences have been liquidated in the General Fund and the Water and Sewer 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 Jamesville had a legal debt margin of \$1,593,600.

#### C. Interfund Balances and Activity

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water/Sewer Fund	<u>\$ 27,196</u>

Expenditures paid by the General Fund on behalf of the Water and Sewer Fund.

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**D. Fund Balance**

The following schedule provides management and citizens with information on the portion of General Fund Balance that is available for appropriations:

<b>Total Fund Balance-General Fund</b>	<b>\$ 584,860</b>
Less:	
Stabilization by State Statute	60,485
Streets-Powell Bill	105,667
Appropriated Fund Balance in 2021 Budget	14,140
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	<b>\$ 404,568</b>

**NOTE III – JOINTLY GOVERNED ORGANIZATION**

The Town, in conjunction with five counties and thirty-nine other municipalities, is a member of the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from Federal and State agencies. Each participating municipality appoints one member and each participating county government appoints three members to the Commission's governing board. The Town paid membership fees of \$350 to the Commission during the fiscal year ended June 30, 2021.

**NOTE IV – RELATED PARTY TRANSACTIONS**

During the June 30, 2012 fiscal year, the Town council approved for one of its council members to be paid for the council person's services performed for finance related matters. Amounts paid to the council person for these services were \$1,560 for the fiscal year ended June 30, 2021.

**NOTE V – MAJOR CUSTOMERS**

During the year ended June 30, 2021 fiscal year, the Town had one customer who comprised approximately 12.10% of the total water and sewer revenues. The customer is considered a long-term reliable customer.

**NOTE VI – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

***Federal and State Assisted Programs***

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

### **Required Supplemental Financial Data**

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in the Total OPEB Liability and Related Ratios

**Town of Jamesville, North Carolina**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Required Supplementary Information**  
**Last Eight Fiscal Years \***

	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.00264%	0.00258%	0.00200%	0.00251%	0.00211%	0.00207%	-0.00207%	0.00210%
Board's proportionate share of the net pension liability (asset)	\$ 94,338	\$ 70,459	\$ 47,448	\$ 32,083	\$ 44,782	\$ 9,290	\$ (12,208)	\$ 25,313
Board's covered-employee payroll	\$ 160,461	\$ 161,018	\$ 171,414	\$ 149,240	\$ 144,440	\$ 134,242	\$ 130,391	\$ 126,661
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.79%	43.76%	27.68%	21.50%	31.00%	6.92%	-9.36%	19.98%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

**Town of Jamesville, North Carolina**  
**Schedules of Contributions**  
**Required Supplementary Information**  
**Last Eight Fiscal Years \***

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 16,374	\$ 14,361	\$ 12,480	\$ 12,857	\$ 10,820	\$ 9,634	\$ 9,491	\$ 9,218
Contributions in relation to the contractually required contribution	16,374	14,361	12,480	12,857	10,820	9,634	9,491	9,218
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board covered-employee payroll	\$ 161,332	\$ 160,461	\$ 161,018	\$ 171,414	\$ 149,240	\$ 144,440	\$ 134,242	\$ 130,391
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

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

**Town of Jamesville, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Required Supplementary Information**  
**Last Four Fiscal Years \***

**Total OPEB Liability**

	2021	2020	2019	2018
Service cost	15,974	14,417	19,017	21,343
Interest	19,162	18,857	15,823	13,570
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	4,836	856	46,517	(1,382)
Changes in assumptions of other inputs	112,792	30,402	(32,686)	(39,878)
Benefit payments	(18,653)	(16,913)	-	-
<b>Net change in total OPEB liability</b>	<b>134,111</b>	<b>47,619</b>	<b>48,671</b>	<b>(6,347)</b>
<b>Total OPEB liability, beginning of year</b>	<b>540,761</b>	<b>493,142</b>	<b>444,471</b>	<b>450,818</b>
<b>Total OPEB liability, end of year</b>	<b>674,872</b>	<b>540,761</b>	<b>493,142</b>	<b>444,471</b>
 Covered payroll	 160,461	 161,018	 171,414	 149,240
Total OPEB liability as a percentage of covered payroll	420.58%	335.84%	287.69%	297.82%

**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 the discount rates used in each period:

Fiscal Year	Rate
2021	3.18%
2020	3.50%
2019	3.89%
2018	3.56%

## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes</b>			
Taxes		139,543	
Interest		3,172	
Total	146,500	142,715	(3,785)
<b>Unrestricted Intergovernmental Revenues</b>			
Local option sales tax		65,848	
Payment in lieu of taxes - outside sources		27	
Beer & wine tax		1,942	
Utilities and telecommunications sales tax		25,802	
ABC Profit distribution		1,280	
Tax refunds		923	
Total	82,300	95,822	13,522
<b>Restricted Intergovernmental Revenues</b>			
Powell Bill allocation		14,201	
Solid waste disposal tax		348	
CARES Act funding		10,514	
Recreation grant		5,285	
Total	16,200	30,348	14,148
<b>Permits and fees</b>			
Business registration fees		30	
<b>Sales and services</b>			
Elections		-	
Cemetery lot sales		12,600	
Total	2,030	12,630	10,600
<b>Investment earnings</b>	3,360	174	(3,186)
<b>Miscellaneous revenue</b>	16,525	4,229	(12,296)
<b>Total Revenues</b>	266,915	285,918	19,003

Continued

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

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General Government			
Administration			
Salaries and employee benefits		93,740	
Other operating expenses		52,279	
Covid 19 pandemic		11,098	
Professional fees		9,162	
Total general government	167,346	166,279	1,067
Transportation			
Streets and highways			
Street lights		14,241	
Salaries and employee benefits		16,916	
Repairs, maintenance and supplies		1,303	
Total transportation	72,172	32,460	39,712
Environmental protection			
Sanitation and Public Works			
Salaries and employee benefits		53,284	
Supplies and repairs		7,464	
Total sanitation	61,550	60,748	802
Cemetery			
Maintenance		4,378	
Total cemetery	1,000	4,378	(3,378)
Total environmental protection	62,550	65,126	(2,576)
Public safety			
Police			
Contracted services		6,285	
Total public safety	14,000	6,285	7,715
<b>Total expenditures</b>	316,068	270,150	45,918
Revenues over (under) expenditures	(49,153)		
Other financing sources:			
Appropriated fund balance	49,153	-	(49,153)
Net change in fund balance	\$ -	\$ 15,768	\$ (33,385)
Fund balances, beginning		569,092	
Fund balances, ending		\$ 584,860	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Operating revenues</b>			
Water and sewer charges		209,470	
Other operating revenues		1,960	
Total operating revenues	210,120	211,430	1,310
<b>Non-operating revenues</b>			
Interest on investments		93	
Total non-operating revenues	1,500	93	(1,407)
<b>Total Revenues</b>	211,620	211,523	(97)
<b>Expenditures:</b>			
Water and sewer administration			
Salaries and employee benefits		26,200	
Other operating expenses		16,494	
Total administration	44,960	42,694	2,266
Water and sewer treatment and distribution			
Salaries and employee benefits		92,605	
Electricity and telephone		18,453	
Supplies and repairs		32,029	
Analysis		8,609	
Other operating expenses		7,885	
Total transportation	172,660	159,581	13,079
<b>Total expenditures</b>	217,620	202,275	15,345
Revenues over (under) expenditures	(6,000)	9,248	(15,442)
Appropriated fund balance	-	-	-
Revenues and appropriated fund balance over (under) expenditures	<u>\$ (6,000)</u>	<u>\$ 9,248</u>	<u>\$ 15,248</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues and appropriated fund balance over (under) expenditures	\$ (6,000)	\$ 9,248	\$ 15,248
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation expense		(18,764)	
Increase (decrease) in deferred outflows of resources - pensions		(1,972)	
Increase (decrease) in deferred outflows of resources - OPEB		41,468	
(Increase) decrease in net pension liability		(10,030)	
(Increase) decrease in OPEB liability		(56,327)	
(Increase) decrease in deferred inflows of resources - pensions		(382)	
(Increase) decrease in deferred inflows of resources - OPEB		4,030	
(Increase) decrease in compensated absences		897	
Total		<u>(41,080)</u>	
Change in net position		<u>\$ (31,832)</u>	

### **Other Schedules**

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

Town of Jamesville, North Carolina  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
For the Fiscal Year Ended June 30, 2021

Fiscal Year	Uncollected Balance 7/1/2020	Additions	Collections and Credits	Uncollected Balance 6/30/2021
2021	\$ -	\$ 143,668	\$ 129,190	\$ 14,478
2020	17,974	-	5,729	12,245
2019	8,576	-	1,319	7,257
2018	4,502	-	1,199	3,303
2017	2,961	-	1,211	1,750
2016	1,926	-	631	1,295
2015	1,612	-	632	980
2014	1,278	-	186	1,092
2013	1,152	-	-	1,152
2012	884	-	-	884
	<u>\$ 40,865</u>	<u>\$ 143,668</u>	<u>\$ 140,097</u>	<u>\$ 44,436</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>14,119</u>
Ad valorem taxes receivable - net				<u>\$ 30,317</u>
Reconcilement with Revenues				
Taxes - ad valorem - General Fund				142,715
Reconciling items:				
Taxes written off				457
Interest collected				(3,172)
Collections - prior year taxes written off				-
Refunds				<u>97</u>
Subtotal				(2,618)
Total collections and credits				<u>\$ 140,097</u>

**Town of Jamesville, North Carolina**  
**General Fund**  
**Analysis of Current Tax Levy**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Property Valuation</b>	<b>Rate per \$100</b>	<b>Total Levy</b>	<b>Total Levy Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
Original Levy:					
Property tax at current year's tax rate	\$ 19,923,014	\$ 0.73	\$ 143,689	\$ 116,723	\$ 26,966
Releases	<u>\$ (3,014)</u>		<u>\$ (21)</u>	<u>\$ (21)</u>	
Net Valuation	<u><u>\$ 19,920,000</u></u>				
Net levy			143,668	116,702	26,966
Less uncollected taxes at June 30, 2021			<u>14,478</u>	<u>13,967</u>	<u>511</u>
Current year's taxes collected			<u><u>\$ 129,190</u></u>	<u><u>\$ 102,735</u></u>	<u><u>\$ 26,455</u></u>
Current levy collection percentage			89.92%	88.03%	98.11%