

***REVIEWED***

***By SLGFD at 3:49 pm, Feb 03, 2022***

**TOWN OF LOUISBURG**

**NORTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**Town Council Members**

Christopher Neal – Mayor

Betty Wright – Mayor Pro-Tem

Thomas J. Clancy

Bobby L. Dickerson

Mark K. Russell

Silke E. Stein

Emma B. Stewart

**Administrative and Financial Staff**

Jonathan Franklin, Town Administrator

Sean Medlin, Finance Director

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## **FINANCIAL SECTION**

# ***May & Place, PA***

CERTIFIED PUBLIC ACCOUNTANTS

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SCOTT H. MAY, CPA  
DALE R. PLACE, CPA, CFE

## **Independent Auditor's Report**

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

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

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

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

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

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

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

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

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

## ***Opinions***

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

## ***Emphasis of Matter***

As discussed in Note VII to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***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 9 through 16, the Other Postemployment Benefits' Schedules of Funding Changes in the Total OPEB Liability and Related Ratios on page 64, the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Liability and Contributions, on pages 60 and 61, respectively, and the Law Enforcement officers' Special Separation Allowance schedules of the changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 62 and 63 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 the 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 Town of Louisburg's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit procedures and procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of Town of Louisburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Louisburg's internal control over financial reporting and compliance.

***May & Place, PA***

Louisburg, NC

January 14, 2022

## **MANAGEMENT DISCUSSION AND ANALYSIS**



## Management's Discussion and Analysis

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

### Financial Highlights

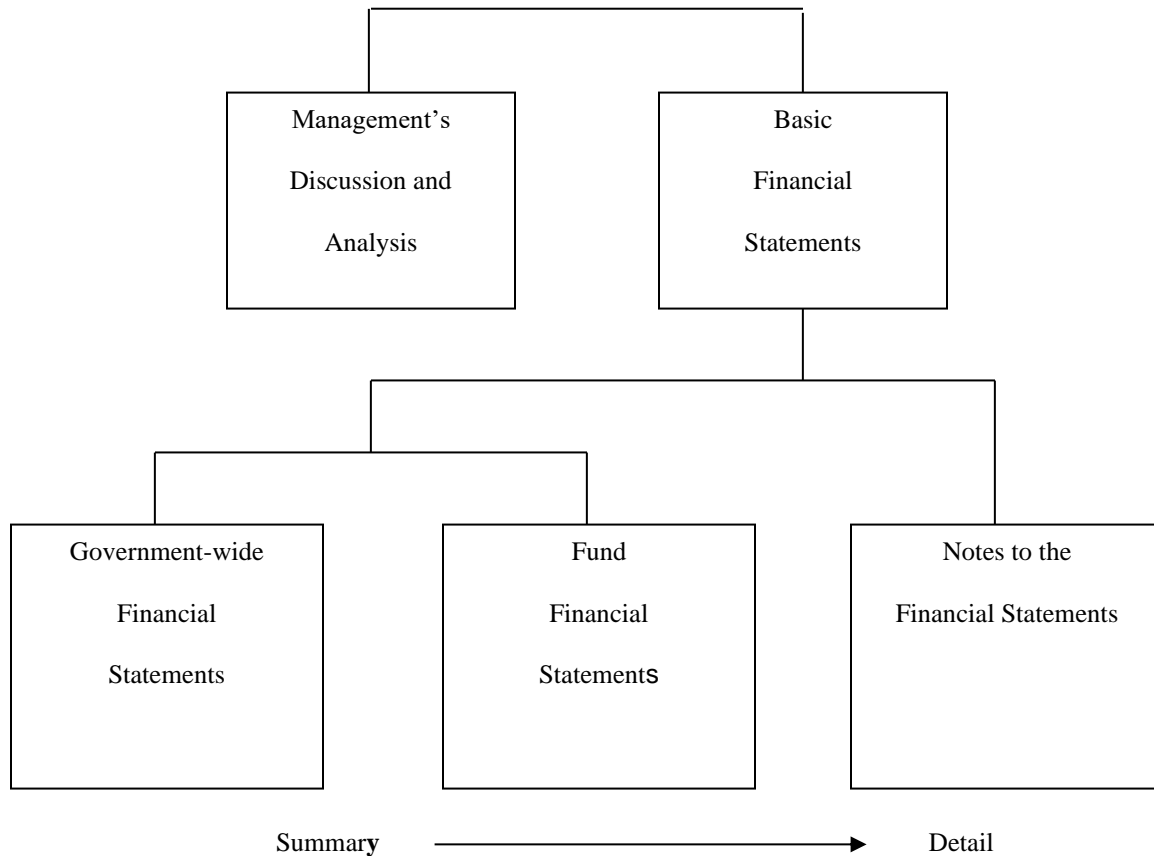
- The assets and deferred outflows of resources of the Town of Louisburg exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,041,036 (*net position*).
- The government's total net position increased by \$342,460, primarily due to increases in governmental activities net position.
- As of the close of the current fiscal year, the Town of Louisburg's governmental funds reported combined ending fund balances of \$3,111,782 with a net increase of \$560,463 in fund balance. Approximately 58 percent of this total amount, or \$1,768,333, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$983,380, or 23 percent of total general fund expenditures for the fiscal year.
- A portion of the Town's General Fund has been committed for future LEO Special Separation Allowance payments. The June 30, 2021, assigned amount for this purpose was \$360,069.
- The Town of Louisburg's total debt decreased by \$239,014 or 5.2 percent during the current fiscal year even though new debt consisted of \$214,541 for two police vehicles (\$93,218) and a backhoe (\$121,323).
- The Town of Louisburg maintains a Baa/BBB bond rating or a North Carolina Municipal Council rating of 76.
- During the fiscal year, the Town implemented GASB Statement No.84, Fiduciary Activities. The implementation of this standard resulted in the creation of a new Fines and Forfeitures Special Revenue Fund. The fines and forfeitures activity were previously accounted for in a fiduciary agency fund.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Louisburg'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 using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Louisburg.

## 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 General Statutes also can be found in this part of the statements.

### Government-Wide Financial Statements

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

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

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

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

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Louisburg, 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 the funds of the Town of Louisburg can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Louisburg 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 the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start 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 Louisburg's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 60 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 laws of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## Government-Wide Financial Analysis

### Town of Louisburg's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3 434 691	\$ 2 679 258	\$ 4 696 107	\$ 4 605 806	\$ 8 130 798	\$ 7 285 064
Capital assets	7 074 084	6 717 774	18 260 879	18 696 312	25 334 963	25 414 086
Deferred outflows of resources	902 600	540 530	555 513	415 517	1 458 113	956 047
Total assets and deferred outflows of resources	<u>11 411 375</u>	<u>9 937 562</u>	<u>23 512 499</u>	<u>23 717 635</u>	<u>34 923 874</u>	<u>33 655 197</u>
Long-term liabilities outstanding	3 513 025	3 028 651	5 118 052	4 916 168	8 631 077	7 944 819
Other liabilities	286 390	83 011	686 023	593 234	972 413	676 245
Deferred inflows of resources	144 890	175 776	134 458	159 781	279 348	335 557
Total liabilities and deferred inflows of resources	<u>3 944 305</u>	<u>3 287 438</u>	<u>5 938 533</u>	<u>5 669 183</u>	<u>9 882 838</u>	<u>8 956 621</u>
Net position:						
Net investment in capital assets	6 182 055	5 688 984	14 833 119	15 166 298	21 015 174	20 855 282
Restricted	1 768 333	1 517 207	308 938	308 937	2 077 271	1 826 144
Unrestricted	(483 318)	(556 067)	2 431 909	2 573 217	1 948 591	2 017 150
Total net position	<u>\$ 7 467 070</u>	<u>\$ 6 650 124</u>	<u>\$ 17 573 966</u>	<u>\$ 18 048 452</u>	<u>\$ 25 041 036</u>	<u>\$ 24 698 576</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Louisburg exceeded liabilities and deferred inflows by \$25,041,036 as of June 30, 2021. The Town's net position increased by \$342,460 for the fiscal year ended June 30, 2021. This increase is a result of higher deferred outflows of pension benefits and lower deferred inflows of resources. The largest portion (83.9% or \$21,015,174) of the Town's net position is reflected by the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Louisburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Louisburg's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Louisburg's net position, \$2,077,271 (8.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,948,591 (7.8%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.63%, which is comparable to the statewide average of 98.65% for electric municipalities of similar size. Franklin County collects taxes for the Town of Louisburg, so collection rates reflect their efforts.
- Continued low cost of debt due to the Town's high bond rating.

**Town of Louisburg Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 449 594	\$ 444 060	\$ 10 369 487	\$ 9 338 343	\$ 10 819 081	\$ 9 782 403
Operating grants & contributions	567 850	599 793	25 000	-	592 850	599 793
Capital grants & contributions	26 533	185 653	103 769	274 278	130 302	459 931
General Revenues						
Property taxes	1 311 458	1 301 161	-	-	1 311 458	1 301 161
Other taxes	28 570	23 810	-	-	28 570	23 810
Grants & contributions not restricted to specific programs	1 781 825	1 069 229	-	-	1 781 825	1 069 229
Other	6 519	123 288	38 793	106 337	45 312	229 625
Total revenues	<u>4 172 349</u>	<u>3 746 994</u>	<u>10 537 049</u>	<u>9 718 958</u>	<u>14 709 398</u>	<u>13 465 952</u>
Expenses						
General government	748 121	579 965	-	-	748 121	579 965
Public Safety	2 441 709	2 209 803	-	-	2 441 709	2 209 803
Streets and sanitation	920 534	918 377	-	-	920 534	918 377
Culture and recreation	312 037	223 808	-	-	312 037	223 808
Interest on long-term debt	23 708	19 809	-	-	23 708	19 809
Water and sewer	-	-	3 312 842	3 043 073	3 312 842	3 043 073
Electric	-	-	6 617 182	6 607 130	6 617 182	6 607 130
Total expenses	<u>4 446 109</u>	<u>3 951 762</u>	<u>9 930 024</u>	<u>9 650 203</u>	<u>14 376 133</u>	<u>13 601 965</u>
Increase (decrease) in net position before transfers and extraordinary item	(273 760)	(204 768)	607 025	68 755	333 265	(136 013)
Transfers	1 087 867	268 228	(1 087 867)	(268 228)	-	-
Insurance recovery	2 839	-	6 356	-	9 195	-
Increase (decrease) in net position	816 946	63 460	(474 486)	(199 473)	342 460	(136 013)
Beginning net position)	6 650 124	6 586 664	18 048 452	18 247 925	24 698 576	24 834 589
Net position, June 30	<u>\$ 7 467 070</u>	<u>\$ 6 650 124</u>	<u>\$ 17 573 966</u>	<u>\$ 18 048 452</u>	<u>\$ 25 041 036</u>	<u>\$ 24 698 576</u>

**Governmental activities:** The net position of the governmental activities increased by \$816,946. A portion of this increase was due to the net transfer of \$391,543 from the Electric Fund to the General Fund, of which \$53,680 was for payments in lieu of taxes for physical plant of electric operations. There was also a transfer of \$415,000 from the Electric Fund and \$415,000 from the Water and Sewer Fund for the Industrial Park Capital Project. General and tax revenues were more than the previous year totals by over \$600,000 because of funding from the federal COVID relief funds.

**Business-type activities:** The net position of the business-type activities for the Town of Louisburg decreased by \$474,486 due mainly for the \$830,000 transfers to the Industrial Park Capital Project Fund. Water and sewer revenues were higher due to higher demand and an increase in sewer rates for residential and bulk users.

## Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Louisburg. At the end of the current fiscal year, Town of Louisburg's total fund balance unassigned in the General Fund was \$983,380 while total fund balance was \$2,406,755. The Town currently has an available fund balance of 23% of general fund expenditures, while total fund balance represents 56.3% of the same amount.

At June 30, 2021, the governmental funds of Town of Louisburg reported a combined fund balance of \$3,111,782 with a net increase in fund balance of \$560,463.

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

Revenues were less than the budgeted amounts because of slightly lower than budgeted amounts in all revenue categories. The transfer of funds from the Electric Fund also was a major contributor to the increase in general fund balance. All governmental functions actual expenditures were lower than budgeted amounts to allow the net change in fund balance to be positive.

**Proprietary Funds.** The Town of Louisburg'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 \$1,240,771 and those for the Electric Fund amounted to \$1,191,138. The total change in net position for both funds was a decrease of \$213,915 in the Electric Fund and a decrease of \$260,571 in the Water and Sewer Fund.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Louisburg's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$25,334,963 (net of accumulated depreciation). These assets include buildings, streets and sidewalks, land, machinery and equipment, park facilities, and vehicles.

Capital asset transactions during the year include the following additions:

- Sidewalk construction of \$447,525
- Dumpsters for downtown (\$17,325)
- Acquisition of two police vehicles (\$93,218)
- Ball field improvements at Joyner Park (\$12,101)
- Land acquisition for industrial park (\$559,705)
- Transformers (\$60,932)
- Sewage and trash pump replacements (\$21,597)
- Caterpillar 420F backhoe for water and sewer departments (\$121,323)
- \$15,000 for a Bobcat loader
- \$25,000 for a Freightliner truck

**Town of Louisburg's Capital Assets  
(Net of Depreciation)**

**Figure 4**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 2 406 600	\$ 1 885 320	\$ 570 459	\$ 570 459	\$ 2 977 059	\$ 2 455 779
Buildings and improvements	411 060	438 387	6 645 875	6 949 688	7 056 935	7 388 075
Revitalization	-	-	159 988	177 640	159 988	177 640
Machinery and equipment	1 088 542	1 257 531	1 563 897	1 553 898	2 652 439	2 811 429
Infrastructure	1 051 940	1 031 031	-	-	1 051 940	1 031 031
Construction in progress	2 115 942	2 105 505	1 139 354	1 000 294	3 255 296	3 105 799
Electric, water, sewer Lines, lift stations	-	-	8 181 306	8 444 333	8 181 306	8 444 333
<b>Total</b>	<b>\$ 7 074 084</b>	<b>\$ 6 717 774</b>	<b>\$ 18 260 879</b>	<b>\$ 18 696 312</b>	<b>\$ 25 334 963</b>	<b>\$ 25 414 086</b>

Additional information on the Town's capital assets can be found in note III.A.4 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2021, the Town of Louisburg had total debt outstanding of \$4,319,789. Of this total, \$2,146,789 is debt backed by the full faith and credit of the Town. The remainder of the Town's debt represents bonds secured solely by specified revenue sources (e.g., revenue bonds).

**Town of Louisburg's Outstanding Debt**

**Figure 5**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Installment debt	\$ 892 029	\$ 1 028 789	\$ 1 254 760	\$ 1 321 014	\$ 2 146 789	\$ 2 349 803
Revenue bond	-	-	2 173 000	2 209 000	2 173 000	2 209 000
<b>Total</b>	<b>\$ 892 029</b>	<b>\$ 1 028 789</b>	<b>\$ 3 427 760</b>	<b>\$ 3 530 014</b>	<b>\$ 4 319 789</b>	<b>\$ 4 558 803</b>

**Town of Louisburg's Outstanding Debt**

The Town of Louisburg's total debt decreased by \$239,014 during the past fiscal year. During the year, the Town incurred installment debt of \$93,218 for two police vehicles and \$121,323 for a backhoe, while making principal payments for all debt in the amount of \$453,555.

As mentioned in the financial highlights section of this document, the Town of Louisburg has a 76 rating from the North Carolina Municipal Council, which is considered "investment grade" and is comparable to a rating of Baa/BBB by the national rating agencies. This bond rating is a clear indication of the sound financial condition of Town of Louisburg. This bond rating is a primary factor in keeping interest costs low on the Town's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Louisburg is \$23,341,000 based upon total assessed value of \$291.7 million.

Additional information regarding the Town of Louisburg's long-term debt can be found in note III.B.6 of this report.

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

For the Town of Louisburg separate economic indicators are not available, but the following county trends are presented.

- Louisburg has a population estimate of 3,076 as of July 2020.
- Major transportation networks include US Highway 401 and NC Highways 39, 56, 561, and 581; freight rail service provided by CSX Transportation; and Raleigh-Durham International Airport is 35 miles southwest of the Town along with a local county airport.

Louisburg is the county seat and largest town in Franklin County. It is located thirty miles northeast of Raleigh in a good agricultural section, which produces tobacco and soybeans as principal crops. It is a small business center and is home of Louisburg College, a Methodist Junior College (co-educational), with an enrollment of approximately 725 students. A large enzyme plant (800 employees) is located five miles west of the Town near Franklinton.

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

**Governmental Activities:** The property tax rate remains at \$0.45 per \$100.00 assessed valuation and are expected to increase almost 4% while intergovernmental revenues, particularly sales taxes, are expected to increase slightly. The residential sanitation rate remains at \$26.70 per household while the commercial rate remains at \$48.63 per month. The sanitation department will continue to provide twice per week back door pick-up and commercial service will continue to be provided by a private contractor. The budget includes funding of one additional fire department employee. The 2021-2022 budget includes a transfer of \$405,068 from the Electric Fund to the General Fund. Loan proceeds of \$132,000 are expected for new equipment. Budgeted expenditures in the General Fund will increase with a 1.3% cost-of-living adjustment effective July 1, 2021, and a 2.5% merit increase for eligible employees. All other line-item expenditures are expected to remain at the same levels as the prior year.

The Town has chosen not to appropriate fund balance in the fiscal year 2022 budget. Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position.

**Business-type Activities:** The Town of Louisburg had planned for a rate increase in electric rates since the rates had been flat for the previous five years. However, due to cost saving measures and efficiencies a rate change can be delayed again. The Town anticipates obtaining installment purchase funding for a new bucket truck and a new line truck for the electric department.

While projecting water and sewer sales to remain constant, the FY2022 budget reflects no changes in the rate structure for water or sewer systems. The new budget year highlights a flat water and sewer budget from FY2021.

The budget was developed with a continued focus on downtown revitalization, economic development, community development, and improving the utility infrastructure.

### 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 the Finance Director, Town of Louisburg, 110 West Nash Street, Louisburg, NC 27549.



## **BASIC FINANCIAL STATEMENTS**

**Town of Louisburg, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Louisburg ABC Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1 909 688	\$ 2 685 596	\$ 4 595 284	\$ 252 514
Taxes receivables (net)	34 396	-	34 396	-
Accrued interest receivable on taxes	2 123	-	2 123	-
Accounts receivable (net)	159 736	1 209 861	1 369 597	-
Due from other governments	417 945	344 398	762 343	-
Internal balances	50 000	(50 000)	-	-
Inventories	-	9 498	9 498	241 504
Prepaid items	-	-	-	6 787
Restricted cash and cash equivalents	860 803	496 754	1 357 557	-
Total current assets	3 434 691	4 696 107	8 130 798	500 805
Non-Current Assets:				
Capital Assets				
Land, non-depreciable				
improvements, and construction in progress	4 522 542	1 709 813	6 232 355	3 792
Other capital assets, net of depreciation	2 551 542	16 551 066	19 102 608	22 293
Total capital assets	7 074 084	18 260 879	25 334 963	26 085
Total assets	10 508 775	22 956 986	33 465 761	526 890
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	800 320	451 039	1 251 359	36 895
OPEB deferrals	102 280	104 474	206 754	-
Total deferred outflows of resource	902 600	555 513	1 458 113	36 895
LIABILITIES				
Current Liabilities				
Accounts payable	286 390	498 207	784 597	185 906
Customer deposits	-	187 816	187 816	-
Current portion of long-term liabilities	137 496	229 760	367 256	-
Total current liabilities	423 886	915 783	1 339 669	185 906
Long-term liabilities:				
Net pension liability (LGRS)	894 135	801 813	1 695 948	31 803
Total Pension liability (LEOSSA)	878 926	-	878 926	-
Net OPEB Liability	717 167	732 534	1 449 701	-
Due in more than one year	885 301	3 353 945	4 239 246	-
Total liabilities	3 799 415	5 804 075	9 603 490	217 709
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals (LGRS)	14 750	15 084	29 834	-
Pension deferrals (LEOSSA)	13 269	-	13 269	-
OPEB deferrals	116 871	119 374	236 245	-
Total deferred outflows of resource	144 890	134 458	279 348	-
NET POSITION				
Net investment in capital assets	6 182 055	14 833 119	21 015 174	26 085
Restricted for:				
Capital projects	-	-	-	130 000
Rate stabilization	-	308 938	308 938	-
Stabilization by State Statute	1 012 252	-	1 012 252	-
Other functions	756 081	-	756 081	74 281
Unrestricted	(483 318)	2 431 909	1 948 591	115 710
Total net position	\$ 7 467 070	\$ 17 573 966	\$ 25 041 036	\$ 346 076

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

**Town of Louisburg, North Carolina**  
**Statement of Activities**  
**For the 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			Louisburg ABC Board
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 748 121	\$ 33 015	\$ -	\$ -	\$ (715 106)	\$ -	\$ (715 106)	\$ -
Public safety	2 441 709	2 092	477 402	-	(1 962 215)	-	(1 962 215)	-
Streets and sanitation	920 534	396 414	90 448	26 533	(407 139)	-	(407 139)	-
Cultural and recreation	312 037	18 073	-	-	(293 964)	-	(293 964)	-
Interest on long term debt	23 708	-	-	-	(23 708)	-	(23 708)	-
Total governmental activities	4 446 109	449 594	567 850	26 533	(3 402 132)	-	(3 402 132)	-
Business-type activities:								
Water and sewer	3 312 842	3 319 433	-	103 769	-	110 360	110 360	-
Electric	6 617 182	7 050 054	25 000	-	-	457 872	457 872	-
Total business-type activities	9 930 024	10 369 487	25 000	103 769	-	568 232	568 232	-
Total primary government	\$ 14 376 133	\$ 10 819 081	\$ 592 850	\$ 130 302	(3 402 132)	568 322	(2 833 900)	-
Component units:								
ABC Board	\$ 2 490 370	\$ 2 500 370	\$ -	\$ -	-	-	-	10 000
Total component units	\$ 2 490 370	\$ 2 500 370	\$ -	\$ -	-	-	-	10 000
General revenues								
Taxes:								
Property taxes, levied for general purpose					1 311 458	-	1 311 458	-
Other taxes					28 570	-	28 570	-
Grants and contributions not restricted to specific programs					1 781 825	-	1 781 825	-
Net unrestricted investment earnings					309	1 293	1 602	-
Miscellaneous					6 210	37 500	43 710	-
Insurance recovery					2 839	6 356	9 195	-
Total general revenues, not including transfers					3 131 211	45 149	3 176 360	-
Transfers								
Transfers from other funds					1 221 543	133 676	1 355 219	-
Transfers to other funds					(133 676)	(1 221 543)	(1 355 219)	-
Total general revenues and transfers					4 219 078	(1 042 718)	3 176 360	-
Change in net position					816 946	(474 486)	342 460	10 000
Net position – beginning previously reported					6 650 124	18 048 452	24 698 576	336 076
Net position ending					\$ 7 467 070	\$ 17 573 966	\$ 25 041 036	\$ 346 076

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

**Town of Louisburg  
Balance Sheet  
Governmental Funds  
June 30, 2021**

	<b>General Fund</b>	<b>Total Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1 909 688	\$ -	\$ 1 909 688
Restricted cash	51 054	809 749	860 803
Receivables, net:			
Taxes	34 396	-	34 396
Accounts	159 584	152	159 736
Due from other governments	287 480	130 465	417 945
Due from other funds	565 188	394 281	959 469
Total Assets	<u>3 007 390</u>	<u>1 334 647</u>	<u>4 342 037</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	171 958	114 432	286 390
Due to other funds	394 281	515 188	909 469
Total liabilities	<u>566 239</u>	<u>629 620</u>	<u>1 195 859</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	34 396	-	34 396
Total deferred inflows of resources	<u>34 396</u>	<u>-</u>	<u>34 396</u>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	1 012 252	-	1 012 252
Streets	51 054	57 398	108 452
Economic development	-	647 629	647 629
Assigned			
LEO Supplement	360 069	-	360 069
Unassigned	983 380	-	983 380
Total fund balances	<u>2 406 755</u>	<u>705 027</u>	<u>3 111 782</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>3 007 390</u>	\$ <u>1 334 647</u>	\$ <u>4 342 037</u>

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

**Town of Louisburg  
Balance Sheet  
Governmental Funds  
June 30, 2021**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		3 111 782
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 13 860 925	
Accumulated depreciation	<u>(6 786 841)</u>	7 074 084
Deferred outflows of resources related to pensions are not reported in the funds		
		800 320
Deferred outflows of resources related to OPEB are not reported in the funds		
		102 280
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds		
		2 123
Earned revenues considered deferred inflows of resources in fund statements.		
		34 396
Long term liabilities used in governmental activities are not financial uses and therefore, are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)		
		(892 029)
Net pension liability (LGERS)		(894 135)
Total pension liability (LEOSSA)		(878 926)
OPEB liability		(717 167)
Deferred inflows of resources related to pensions are not reported in the funds		
		(28 019)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(116 871)
Other long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds		
		(130 768)
Net position of governmental activities	\$	<u><u>7 467 070</u></u>

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

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

	<b>Major Funds General Fund</b>	<b>Total Non- Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 1 319 867	\$ -	\$ 1 319 867
Other taxes and licenses	28 570	-	28 570
Unrestricted intergovernmental	1 236 914	-	1 236 914
Restricted intergovernmental	430 467	26 533	457 000
Permits and fees	3 625	-	3 625
Sales and services	443 352	-	443 352
Investment earnings	309	-	309
Miscellaneous	183 766	-	183 766
Total revenues	<u>3 646 870</u>	<u>26 533</u>	<u>3 673 403</u>
<b>EXPENDITURES</b>			
Current:			
General government	457 765	-	457 765
Public safety	2 270 128	-	2 270 128
Streets and sanitation	890 551	-	890 551
Culture and recreation	261 188	-	261 188
Debt service:			
Principal	229 978	-	229 978
Interest and other charges	23 708	-	23 708
Capital Outlay	139 185	705 981	845 166
Total expenditures	<u>4 272 503</u>	<u>705 981</u>	<u>4 978 484</u>
Excess (deficiency) of revenues over expenditures	<u>(625 633)</u>	<u>(679 448)</u>	<u>(1 305 081)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds	391 543	824 265	1 215 808
Transfers to other funds	(133 676)	-	(133 676)
Sale of capital assets	4 320	180 000	184 320
Insurance recovery	2 839	-	2 839
Grant proceeds	503 035	-	503 035
Loan proceeds	93 218	-	93 218
Total other financing sources (uses)	<u>861 279</u>	<u>1 004 265</u>	<u>1 865 544</u>
Net change in fund balance	235 646	324 817	560 463
Fund balances, beginning as previously reported	<u>2 171 109</u>	<u>380 210</u>	<u>2 551 319</u>
Fund balances, ending	<u>\$ 2 406 755</u>	<u>\$ 705 027</u>	<u>\$ 3 111 782</u>

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

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

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

Net changes in fund balances -total governmental funds	\$	560 463
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	\$ 688 331	
Depreciation expense for governmental assets	(362 115)	
Reduction in accumulated depreciation for property sold	<u>30 095</u>	
		356 311

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	184 387
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Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities	158
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	24 727
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax sources	(7 410)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt		(93 218)
Principal payments on long-term debt		229 978
Decrease in accrued interest payable		(999)

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

Compensated absences		(14 679)
Pension expense LGRS		(300 641)
Pension expense-LEOSSA		(94 065)
OPEB plan expense		(28 066)

Total changes in net position of governmental activities	\$	<u>816 946</u>
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The notes to the financial statements are an integral part of this statement.

**Town of Louisburg  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2021**

	General Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 1 315 983	\$ 1 328 083	\$ 1 319 867	\$ (8 216)
Other taxes and licenses	30 000	30 000	28 570	(1 430)
Unrestricted intergovernmental	993 274	1 229 774	1 236 914	7 140
Restricted intergovernmental	414 543	433 543	430 467	(3 076)
Permits and fees	2 000	2 000	3 625	1 625
Sales and services	446 000	493 400	443 352	(50 048)
Investment earnings	25 000	25 000	309	(24 691)
Miscellaneous	161 000	627 534	183 766	(443 768)
Total revenues	<u>3 387 800</u>	<u>4 169 334</u>	<u>3 646 870</u>	<u>(522 464)</u>
Expenditures				
Current:				
General government	292 015	536 099	457 765	78 334
Public safety	2 285 624	2 429 724	2 377 910	51 814
Streets and sanitation	861 591	970 795	909 853	60 942
Cultural and recreation	248 461	369 461	273 289	96 172
Debt service:				
Principal retirement	191 652	250 148	229 978	20 170
Interest and other charges	-	-	23 708	(23 708)
Total expenditures	<u>3 879 343</u>	<u>4 556 227</u>	<u>4 272 503</u>	<u>283 724</u>
Revenues over (under) expenditures	<u>(491 543)</u>	<u>(386 893)</u>	<u>(625 633)</u>	<u>(238 740)</u>
Other financing sources (uses):				
Transfers from other funds	391 543	391 543	391 543	-
Transfers to other funds	-	(133 700)	(133 676)	24
Sale of capital assets	-	26 200	4 320	(21 880)
Insurance recovery	-	2 850	2 839	(11)
Grant proceeds	-	-	503 035	503 035
Loan proceeds	100 000	100 000	93 218	(6 782)
Total other financing sources (uses)	<u>491 543</u>	<u>386 893</u>	<u>861 279</u>	<u>474 386</u>
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ 235 646	\$ <u>235 646</u>
Fund balances, beginning			2 171 109	
Fund balances, ending			<u>\$ 2 406 755</u>	

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



**Town of Louisburg  
Statement of Net Position  
Proprietary Funds  
June 30, 2021**

	<b>Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1 283 802	\$ 1 401 794	\$ 2 685 596
Restricted cash and cash equivalents	454 457	42 297	496 754
Accounts receivable (net)	821 132	388 729	1 209 861
Due from other governments	25 000	319 398	344 398
Inventories	-	9 498	9 498
Total current assets	<u>2 584 391</u>	<u>2 161 716</u>	<u>4 746 107</u>
Noncurrent assets:			
Capital assets			
Land and construction in progress	889 810	820 003	1 709 813
Other capital assets, net of depreciation	2 824 637	13 726 429	16 551 066
Capital assets (net)	<u>3 714 447</u>	<u>14 546 432</u>	<u>18 260 879</u>
Total noncurrent assets	<u>3 714 447</u>	<u>14 546 432</u>	<u>18 260 879</u>
Total assets	<u>6 298 838</u>	<u>16 708 148</u>	<u>23 006 986</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	200 549	250 490	451 039
OPEB deferrals	43 336	61 138	104 474
Total deferred outflows of resources	<u>243 885</u>	<u>311 628</u>	<u>555 513</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	403 669	94 538	498 207
Customer deposits	145 519	42 297	187 816
Due to other funds	-	50 000	50 000
Revenue bond payable - current	-	39 000	39 000
Installment purchase - current	57 593	133 167	190 760
Total current liabilities	<u>606 781</u>	<u>359 002</u>	<u>965 783</u>
Noncurrent liabilities:			
Other noncurrent liabilities:			
Compensated absences	73 094	82 851	155 945
Total OPEB liability	303 857	428 677	732 534
Net pension liability	347 077	454 736	801 813
Installment notes	115 191	948 809	1 064 000
Revenue bonds payable	-	2 134 000	2 134 000
Total noncurrent liabilities	<u>839 219</u>	<u>4 049 073</u>	<u>4 888 292</u>
Total liabilities	<u>1 446 000</u>	<u>4 408 075</u>	<u>5 854 075</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	5 467	9 617	15 084
OPEB deferrals	49 517	69 857	119 374
Total deferred inflows of resources	<u>54 984</u>	<u>79 474</u>	<u>134 458</u>
<b>NET POSITION</b>			
Net investment in capital assets	3 541 663	11 291 456	14 833 119
Restricted for:			
Rate stabilization	308 938	-	308 938
Unrestricted	1 191 138	1 240 771	2 431 909
Total net position	<u>\$ 5 041 739</u>	<u>\$ 12 532 227</u>	<u>\$ 17 573 966</u>

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

**Town of Louisburg**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6 939 341	\$ 3 256 112	\$ 10 195 453
Water and sewer connections	-	40 500	40 500
Other operating revenues	110 713	22 821	133 534
<b>Total operating revenues</b>	<b>7 050 054</b>	<b>3 319 433</b>	<b>10 369 487</b>
<b>OPERATING EXPENSES</b>			
Governing body	15 874	8 085	23 959
Administration	490 000	186 066	676 066
Business office	177 442	182 563	360 005
Electric operations	1 634 769	-	1 634 769
Electric power purchases	4 068 149	-	4 068 149
Water treatment and distribution	-	991 711	991 711
Waste collection and treatment	-	1 231 954	1 231 954
Depreciation	221 994	614 275	836 269
<b>Total operating expenses</b>	<b>6 608 228</b>	<b>3 214 654</b>	<b>9 822 882</b>
<b>Operating income (loss)</b>	<b>441 826</b>	<b>104 779</b>	<b>546 605</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Net investment earnings	1 080	213	1 293
Interest and other charges	(8 954)	(98 188)	(107 142)
Sale of fixed assets	-	37 500	37 500
<b>Total nonoperating revenue (expenses)</b>	<b>(7 874)</b>	<b>(60 475)</b>	<b>(68 349)</b>
<b>Income (loss) before contributions and transfers</b>	<b>433 952</b>	<b>44 304</b>	<b>478 256</b>
Capital contributions	-	103 769	103 769
Grant proceeds	25 000	-	25 000
Insurance recovery	-	6 356	6 356
Transfers from other funds	133 676	-	133 676
Transfers to other funds	(806 543)	(415 000)	(1 221 543)
<b>Changes in net position</b>	<b>(213 915)</b>	<b>(260 571)</b>	<b>(474 486)</b>
<b>Total net position, previously reported</b>	<b>5 255 654</b>	<b>12 792 798</b>	<b>18 048 452</b>
<b>Total net position, ending</b>	<b>\$ 5 041 739</b>	<b>\$ 12 532 227</b>	<b>\$ 17 573 966</b>

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

**Town of Louisburg  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2021**

	<b>Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 6 801 568	\$ 3 224 617	\$ 10 026 185
Cash paid for goods and services	(5 061 256)	(1 045 483)	(6 106 739)
Cash paid to or on behalf of employees for services	(1 229 099)	(1 432 966)	(2 662 065)
Net customer deposits	24 482	(2 998)	21 484
Other operating revenues	110 713	22 821	133 534
Net cash provided (used) by operating activities	646 408	765 991	1 412 399
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	133 676	-	133 676
Transfers to other funds	(806 543)	(415 000)	(1 221 543)
Total cash flows from noncapital financing activities	(672 867)	(415 000)	(1 087 867)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(110 175)	(363 954)	(474 129)
Principal paid on bond maturities and equipment contracts	(57 594)	(165 982)	(223 576)
Interest paid on bond maturities and equipment contracts	(8 954)	(98 188)	(107 142)
Insurance recovery	-	6 356	6 356
Sale of fixed assets	-	37 500	37 500
Lease proceeds	-	121 323	121 323
Capital contributions - grants	-	103 769	103 769
Net cash provided (used) by capital and related financing activities	(176 723)	(359 176)	(535 899)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	1 080	213	1 293
Net increase (decrease) in cash and cash equivalents	(202 102)	(7 972)	(210 074)
Balances – beginning of the year	1 940 361	1 452 063	3 392 424
Balances – end of the year	\$ 1 738 259	\$ 1 444 091	\$ 3 182 350
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 441 826	\$ 104 779	\$ 546 605
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	221 994	614 275	836 269
Changes in assets, deferred outflows and inflows, and liabilities:			
(Increase) decrease in accounts receivable	(137 773)	(71 995)	(209 768)
(Increase) decrease in inventory	-	7 685	7 685
(Increase) decrease in deferred outflows of resources-pensions	(37 304)	(39 368)	(76 672)
(Increase) decrease in deferred outflows of resources-OPEB	(26 267)	(37 057)	(63 324)
Increase (decrease) in net pension liability	93 123	103 201	196 324
Increase (decrease) in deferred inflows of resources-pensions	(1 081)	(1 197)	(2 278)
Increase (decrease) in deferred inflows of resources-OPEB	(9 559)	(13 486)	(23 045)
Increase (decrease) in accounts payable and accrued liabilities	32 580	38 725	71 305
Increase (decrease) in customer deposits	24 482	(2 998)	21 484
Increase (decrease) in OPEB liability	37 240	52 538	89 778
Increase (decrease) in accrued vacation pay	7 147	10 889	18 036
Total adjustments	204 582	661 212	865 794
Net cash provided by operating activities	\$ 646 408	\$ 765 991	\$ 1 412 399

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

## **Notes to the Financial Statements**

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

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Louisburg and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**Town of Louisburg ABC Board**

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Louisburg ABC Board, Bickett Blvd, Louisburg, NC 27549.

**B. Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and, *proprietary*, –are presented. The 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 non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

**Fines and Forfeitures Special Revenue Fund.** This fund accounts for various legal fines and forfeitures that the Town is required to remit to the Franklin County Board of Education.

**Mineral Springs Grant Project Fund.** This fund accounts for grant funds used for community rehabilitation of the Mineral Springs area.

**Sidewalk CMAQ Grant Capital Project Fund.** This fund accounts for grant and local funds used for sidewalk construction on South Main Street.

**Joyner Park Grant Capital Project Fund.** This fund accounts for grant and local funds used for Joyner Park renovations.

**USDA Parking Lot Capital Project Fund.** This fund accounts for grant and loan funds used for construction of downtown parking areas.

**Sidewalk Grant Capital Project Fund.** This fund accounts for grant and local funds for sidewalk construction on Bickett and Johnson streets.

**Downtown Revitalization Grant Capital Project Fund.** This fund accounts for grant and local funds for the renovations of existing downtown properties in cooperation with private businesses.

**North Main Sidewalk Grant Capital Project Fund.** This fund accounts for grant and local funds for the installation of handicap ramps at sidewalk intersections and for sidewalk repairs associated with these ramps.

**Industrial Park Expansion Grant Capital Project Fund.** This fund accounts for grant and local funds for expansion of the Louisburg Industrial Park through the purchase of additional acreage and construction of additional roads, water, sewer, and electrical infrastructure.

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's electric fund operations. An Electric Rate Stabilization Fund has been consolidated into the Electric Fund for financial reporting purposes. The budgetary comparison for the Electric Rate Stabilization Fund has been included in the supplemental information.

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem tax receivables 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, Franklin County 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 during this period 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 shared revenue for the Town of Louisburg because the tax is levied by Franklin County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions 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, the Fines and Forfeitures Special Revenue Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects Special Revenue Funds, the Capital Projects Funds, the Enterprise Fund Capital Project Funds, and the Electric Rate Stabilization Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. 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.

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

### 1. Deposits and Investments

All deposits of the Town and the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is in North Carolina. Also, the Town and the ABC Board 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 and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. The North Carolina Capital management Trust (NCCMT), which consists of a SEC-registered mutual fund (the Government Portfolio), is authorized by NCGS 159-30(c)(8). The Government Portfolio, which invest in treasuries and government agencies, is a money market mutual fund (2a7) and maintains an AAAM rating from Standard & Poor's and AAAMf by Moody's Investor Service. It is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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

### 2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

### 3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 134-41.1 through 136-41.4. The rate stabilization fund is classified as restrictive because it can only be expended on electrical purposes. The capital project funds are classified as restrictive because they may only be used for the specific capital projects.

#### Town of Louisburg Restricted Cash

Governmental Activities		
General Fund	Streets	\$ 51 054
Non-major Governmental Funds	Economic development	800 099
	Education	751
	Streets	8 899
Total governmental activities		<u>860 803</u>
Business-type Activities		
Electric Fund	Rate Stabilization	308 938
	Customer deposits	145 519
Water and Sewer Fund	Customer deposits	42 297
Total business-type activities		<u>496 754</u>
Total Restricted Cash		\$ <u>1 357 557</u>



#### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. 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 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 and Prepaid Items

The inventories of the Town and the ABC Board are valued at cost (first-in, first out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

#### 7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$200; buildings, improvements, substations, lines, and other plant and distribution systems, \$25,000; infrastructure, \$25,000; furniture and equipment, \$1,000; and vehicles, \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General fund infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Substations, line equipment	40
Buildings	30
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer software	5
Computer equipment	3

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20
Furniture and equipment	10
Vehicles	3-5
Computers	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. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable, and pension and OPEB deferrals.

## 9. Long-Term Obligations

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 10. Compensated Absences

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

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is 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.

Inventories – portion of fund balance that is not available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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 N.C.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 with RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds. In addition, a portion of fund balance that is restricted by revenue source for sidewalk capital projects.

Restricted for Economic Development – portion of fund balance that is restricted by revenue source for economic development projects.

Restricted for Education – portion of fund balance that is restricted for the Franklin County Board of Education.

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

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

Assigned for LEOSSA – portion of fund balance that has been budgeted by the Board for future LEO Special Separation Allowance payments.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriation by resources or appropriation within funds up to \$100,000.

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

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

## 12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Louisburg's employer contributions are recognized when due and the Town of Louisburg 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.

## II. Stewardship, Compliance, and Accountability

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

None.

### B. Deficit in Fund Balance or Net Position of Individual Funds not appropriated in subsequent year's budget ordinance

None.

### C. Excess of Expenditures over Appropriations

None.

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$1,411,978 and a bank balance of \$1,519,846. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered held under the pooling method. The carrying amount of deposits for the ABC Board was \$250,489 and the bank balance was \$302,719. All the bank balance was covered by federal depository insurance except for \$10,683 which was collateralized by institutions using the pooling method.. On June 30, 2021, the Town's petty cash fund totaled \$400.

## 2. Investments

At June 30, 2021 the Town's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/21</u>	<u>Maturity</u>	<u>Rating</u>
US Government Treasuries	Fair Value Level 1	\$ 797,659	Up to 3 years	AAA
NC Capital Management Trust Government Portfolio	Fair Value Level 1	3 742 804	N/A	AAAm
Total		\$ <u>4 540 463</u>		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk.

*Credit risk.* The Town has no formal investment policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of N.C.G.S 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

## 3. Receivables – Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amounts of \$2,123.

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

	<u>6/30/21</u>
General Fund:	
Taxes receivable	\$ 7 107
Accounts receivable	<u>9 270</u>
Total General Fund	<u>16 377</u>
Enterprise Funds	
Electric Fund	62 530
Water and Sewer Fund	<u>25 857</u>
Total Enterprise Funds	<u>88 387</u>
Total	\$ <u>104 714</u>

#### 4. Capital Assets

##### Primary Government

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

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1 885 320	\$ 521 280	\$ -	\$ 2 406 600
Construction in progress	2 105 505	190 437	180 000	2 115 942
Total capital assets not being depreciated	3 990 825	711 717	180 000	4 522 542
<b>Capital assets being depreciated:</b>				
Buildings and improvements	1 325 652	-	-	1 325 652
Equipment	5 567 440	139 184	30 095	5 676 529
Revitalization	353 519	-	-	353 519
Infrastructure	1 935 158	47 524	-	1 982 682
Total capital assets being depreciated	9 181 769	186 708	30 095	9 338 382
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	887 265	27 327	-	914 592
Equipment	4 309 909	308 172	30 095	4 587 986
Revitalization	353 519	-	-	353 519
Infrastructure	904 127	26 616	-	930 743
Total accumulated depreciation	6 454 820	\$ 362 115	\$ 30 095	6 786 840
Total capital assets being depreciated, net	2 726 949			2 551 542
<b>Governmental activity capital assets, net</b>	<b>\$ 6 717 774</b>			<b>\$ 7 074 084</b>

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

General government	\$ 2 512
Public safety	199 161
Streets and sanitation	103 477
Culture and recreation	56 965
Total depreciation expense	<u>\$ 362 115</u>

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Business-type activities:</b>				
<b>Electric fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 554 974	\$ -	\$ -	\$ 554 974
Construction in progress	299 068	35 768	-	334 836
Total capital assets not being depreciated:	854 042	35 768	-	889 810
<b>Capital assets being depreciated:</b>				
Electric lines and transformers	5 708 452	60 931	-	5 769 383
Buildings	2 669 804	-	-	2 669 804
Equipment	2 307 588	13 475	-	2 321 063
Load management switches	114 253	-	-	114 253
Total capital assets being depreciated	10 800 097	74 406	-	10 874 503
<b>Less accumulated depreciation for:</b>				
Electric lines and transformers	4 840 011	116 283	-	4 956 294
Buildings	892 325	69 390	-	961 715
Equipment	1 995 780	34 275	-	2 030 055
Load management switches	99 757	2 045	-	101 802
Total accumulated depreciation	7 827 873	\$ 221 993	\$ -	8 049 866
Total capital assets being depreciated, net	2 972 224			2 824 637
<b>Electric fund capital assets, net</b>	<b>\$ 3 826 266</b>			<b>\$ 3 714 447</b>

**Water and Sewer Fund****Capital assets not being depreciated:**

Land	\$ 15 485	\$ -	\$ -	\$ 15 485
Construction in progress	701 226	103 292	-	804 518
Total capital assets not being depreciated	<u>716 711</u>	<u>103 292</u>	<u>-</u>	<u>820 003</u>

**Capital assets being depreciated:**

Building	834 343	-	-	834 343
Water lines	2 186 469	2 225	-	2 188 694
Filtration plant	1 832 024	-	-	1 832 024
Water equipment	2 037 925	102 258	33 954	2 106 229
Building public works	12 788	-	-	12 788
Revitalization	441 306	-	-	441 306
Sewer lines	9 866 103	2 225	-	9 868 328
Disposal plant	2 739 936	-	-	2 739 936
Weir dam	742 203	-	-	742 203
Sewer equipment	1 104 665	80 662	33 954	1 151 373
Lift stations	181 598	-	-	181 598
Water treatment plant	6 667 063	-	-	6 667 063
Total capital assets being depreciated	<u>28 646 423</u>	<u>187 370</u>	<u>67 908</u>	<u>28 765 885</u>

**Less accumulated depreciation for:**

Building	187 727	20 858	-	208 585
Water lines	2 117 443	81 281	-	2 198 724
Filtration plant	1 703 401	45 332	-	1 748 733
Water equipment	964 733	85 083	33 954	1 015 862
Building public works	12 788	-	-	12 788
Revitalization	263 666	17 652	-	281 318
Sewer lines	2 414 163	126 863	-	2 541 026
Disposal plant	921 110	1 422	-	922 532
Weir dam	742 203	-	-	742 203
Sewer equipment	950 263	64 993	33 954	981 302
Lift stations	126 673	3 980	-	130 653
Water treatment plant	4 088 919	166 811	-	4 255 730
Total accumulated depreciation	<u>14 493 089</u>	<u>\$ 614 275</u>	<u>\$ 67 908</u>	<u>15 039 456</u>

Total capital assets being depreciated, net	<u>14 153 334</u>			<u>13 726 429</u>
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<b>Water and Sewer fund capital assets, net</b>	<u>14 870 045</u>			<u>14 546 432</u>
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<b>Business-type activities capital assets, net</b>	<u>\$ 18 696 311</u>			<u>\$ 18 260 879</u>
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**Construction commitments**

The government has active construction projects as of June 30, 2021. At year-end the government's commitments with contractors are as follows:

Project	Spent to date	Remaining Commitment
Sidewalk Construction	\$ 1 015 685	\$ 922 186
Downtown revitalization	1 560 886	507 903
Industrial Park	559 705	2 709 395
Electric system improvements	113 645	145 769
Water & Sewer Improvements	442 122	1 339 978
Total	<u>\$ 3 692 043</u>	<u>\$ 5 625 231</u>

**Discretely Presented component unit**

Activity for the ABC Board for the year ended June 30, 2021 were as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 3 792	\$ -	\$ -	\$ 3 792
Total capital assets not being depreciated	3 792	-	-	3 792
<b>Capital assets being depreciated:</b>				
Building improvements	62 161	-	-	62 161
Paving	24 924	-	-	24 924
Store Equipment	84 498	1 220	-	85 718
Furniture and fixtures	19 330	-	-	19 330
Total capital assets being depreciated	190 913	1 220	-	192 133
<b>Less accumulated depreciation for:</b>				
Building improvements	56 041	-	-	56 041
Paving	23 666	839	-	24 505
Equipment	63 739	6 274	-	70 013
Furniture and fixtures	19 075	206	-	19 281
Total accumulated depreciation	162 521	\$ 7 319	\$ -	169 840
Total capital assets begin depreciated, net	28 392			22 293
<b>ABC Board capital assets, net</b>	<b>\$ 32 184</b>			<b>\$ 26 085</b>

**B. Liabilities****1. Pension Plan and Postemployment Obligations****a. Local Governmental Employee's Retirement System**

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55,



or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Louisburg 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 Louisburg's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.22% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Louisburg were \$359,429 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$1,695,948 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 asset 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. On June 30, 2020 (measurement date), the Town's proportion was 0.04746%, which was an increase of 0.00012% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$593,057. 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	\$ 214 168	\$ -
Changes of assumptions	126 212	-
Net difference between projected and actual earnings on pension plan investments	238 659	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	10 066	29 834
Town contributions subsequent to the measurement date	359 428	-
Total	<u>\$ 948 533</u>	<u>\$ 29 834</u>

The \$359,428 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:

<b>Year ended June 30</b>	
2022	\$ 145 453
2023	216 747
2024	126 441
2025	70 631
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	3.5 to 8.1 percent, including inflation and productivity factor
Investment rate of return	7.0 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	100.0%	

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

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 3 440 894	\$ 1 695 948	\$ 245 775

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

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

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>16</u>
Total	<u>17</u>

2. *Summary of Significant Accounting Policies:*

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

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

3. *Actuarial Assumptions:*

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

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

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

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, 2015, through December 31, 2019.

#### 4. Contributions:

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$15,727 as benefits came due for the reporting period.

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

On June 30, 2021, the Town reported a total pension liability of \$878,926. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$94,065.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 76 572	\$ 911
Changes of assumptions	226 095	12 358
Town contributions subsequent to the measurement date	158	-
Total	\$ 302 825	\$ 13 269

The \$158 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	
2022	\$ 5 925
2023	4 761
2024	2 583
2025	-
2026	-
Thereafter	-

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

	<b>1% Decrease (0.93%)</b>	<b>Discount Rate (1.93%)</b>	<b>1% Increase (2.93%)</b>
Total pension liability	\$ 955 782	\$ 878 926	\$ 808 228

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

	<b>2021</b>
Beginning Balance	\$ 567 171
Service Cost	27 012
Interest on the total pension liability	18 233
Difference between expected and actual experience	38 324
Changes of assumptions or other inputs	243 913
Benefit payments	(15 727)
Ending balance of the total pension liability	<u>\$ 878 926</u>

The plan currently uses mortality tables that vary by age, and health status (i.e., disable 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, 2015 through December 31, 2019.

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

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

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 593 057	\$ 94 055	\$ 687 112
Pension Liability	1 695 948	878 926	2 574 874
Proportionate share of the net pension liability	.04746%	n/a	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	214 168	76 572	290 740
Changes of assumptions	126 212	226 095	352 307
Net difference between projected and actual earnings on plan investments	238 659	-	238 659
Changes in proportion and differences between contributions and proportionate share of contributions	10 066	-	10 066
Benefit payments and administrative costs paid subsequent to the measurement date	359 428	158	359 586
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	-	911	911
Changes of assumptions	-	12 358	12 358
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	29 834	-	29 834

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

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were

\$68,170, which consisted of \$47,345 from the Town and \$20,825 from the law enforcement officers. No amounts were forfeited.

d. Supplemental Retirement Income Plan for General Employees

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administrated by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees of the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly.

*Funding Policy.* The Town has elected to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$195,250, which consisted of \$126,924 from the Town and \$68,326 from the general employees.

e. Other Post-Employment Benefits

Healthcare Benefits

*Plan Description.* Under the terms of a Town resolution, the Town provides post-employment health care benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The town provides the following post-retirement health care benefits:

- For retirees with twenty-five (25) years of service at age 55, the Town pays the full cost of coverage for these benefits.
- For retirees with twenty to twenty-four (20-24) years of service at age 55, the Town pays seventy-five percent of coverage for these benefits
- For retirees with fifteen to nineteen (15-19) years of service at age 55, the Town pays (50) percent of the cost of coverage for these benefits.
- For retirees with less than fifteen (15) years of service at age 55, the retiree has the option to purchase insurance at the Town's group rate.

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

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	2
Terminated plan members entitled to but not receiving benefits	-	-
Active plan members	50	15
Total	52	17

**Total OPEB Liability**

The Town's total OPEB liability of \$1,449 701 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*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	2.5 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trends Pre-Medicare	7.0% for 2019 decreasing to an ultimate rate of 4.50% by 2026

The discount rate is based on the Municipal bond Index Rate equal to the Bond Buyer General Obligation 20-year General Obligation Bond Index published on the last Thursday of June by the Bond Buyer and the Municipal bond Index Rate as of the measurement date.

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	<u>\$ 1 272 028</u>
<b>Changes for the year</b>	
Service cost	53 213
Interest	45 253
Changes of benefit terms	-
Differences between expected and actual experience	12 306
Changes in assumptions or other inputs	132 085
Benefit payments	<u>(65 184)</u>
<b>Net changes</b>	<u>177 673</u>
<b>Balance at June 30, 2021</b>	<u><u>\$ 1 449 701</u></u>

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019, valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

*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%) or 1 percentage point higher (3.21%) than the current discount rate.

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 1 562 735	\$ 1 449 701	\$ 1 346 009

*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>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1 304 754	\$ 1 449 701	\$ 1 619 371

## 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 \$56,732. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19 766	\$ 187 329
Changes in assumptions and other inputs	137 004	48 916
Benefit payments and administrative costs made subsequent to the measurement date	49 984	-
Total	<u>\$ 206 754</u>	<u>\$ 236 245</u>

The \$49,984 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:	
2022	\$ (20 929)
2023	(20 929)
2024	(20 929)
2025	(15 559)
2026	(10 178)
Thereafter	(9 049)

### 2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000.

Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.



### 3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 359 428
Benefit payments and administrative expenses made for LEOSAA made subsequent to measurement date	158
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	49 984
Differences between expected and actual experience	310 506
Changes of assumptions	489 311
Net difference between projected and actual investment earnings	238 659
Changes in proportion and differences between employer contributions and proportionate share of contributions	10 067
Total	<u>\$ 1 458 113</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivables, less penalties (General Fund)	\$ -	\$ 34 396
Changes in assumptions	61 274	-
Differences between expected and actual experience	188 240	-
Changes in proportion and differences between employer Contributions and proportionate share of contributions	29 834	-
Total	<u>\$ 279 348</u>	<u>\$ 34 396</u>

### 4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town contracts with a commercial insurance carrier for worker's compensation coverage up to \$1 million.

The Town carries flood insurance through its commercial carrier for property outside of special flood hazard areas. Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Town is eligible and has purchased blanket property cover of \$17 million for its structures.

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

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

### 5. Claims, Judgments and Contingent Liabilities/Subsequent Events

On June 30, 2021, the Town had no outstanding claims, judgments, or contingent liabilities.

## 6. Long-term Obligations

### a. Installment Purchases

#### *General Fund*

In Fiscal Year 2010-11, the Town transferred 5% of an installment purchase agreement with PNC Bank, N.A. for the acquisition and renovation of the public works building in the amount of \$80,631. The financing contract requires 15 annual payments of principal and interest at a rate of 3.89%.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$1,344 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 5 759	\$ 672
2023	5 759	448
2024	5 760	224
Total	<u>\$ 17 278</u>	<u>\$ 1 344</u>

In September 2017, the Town entered into an installment purchase agreement with the United States Department of Agriculture in the amount of \$29,000 for parks and recreation renovations. The financing contract requires thirty (30) annual payments of principal and interest at a rate of 2.75%.

Annual debt service payments for the installment purchase as of June 30, 2021 including \$11,625 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	689	744
2023	708	725
2024	728	705
2025	746	687
2026	769	665
Thereafter	23 403	8 099
Total	<u>\$ 27 043</u>	<u>\$ 11 625</u>

In February 2018 the Town entered into an installment purchase agreement with the United States Department of Agriculture in the amount of \$124,000 for the purchase of three police vehicles. The financing contract requires eight annual payments of \$20,186 and interest at a rate of 3.375%.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$6 381 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	17 676	2 510
2023	18 273	1 913
2024	18 889	1 297
2025	19 529	661
Total	<u>\$ 74 367</u>	<u>\$ 6 381</u>

In March 2017 the Town entered into an installment purchase agreement with the United States Department of Agriculture in the amount of \$83,000 for parking lot construction. The financing contract requires 20 annual payments of \$5,452 for principal and interest at a rate of 2.75%.

Annual debt service payments for the installment purchase as of June 30, 2021 including \$17,428 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 3 533	\$ 1 919
2023	3 630	1 822
2024	3 725	1 727
2025	3 832	1 620
2026	3 937	1 515
Thereafter	51 138	8 825
Total	<u>\$ 69 795</u>	<u>\$ 17 428</u>

In February 2019 the Town entered into an installment purchase agreement with First Citizens Bank & Trust Co. in the amount of \$275,000 for three sanitation vehicles. The financing contract requires 60 monthly payments of \$4,953.62 for principal and interest at a rate of 3.10%.

Annual debt service payments for the installment purchase as of June 30, 2021 including \$6,163 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 55 661	\$ 3 783
2023	57 411	2 032
2024	34 310	348
Total	<u>\$ 147 382</u>	<u>\$ 6 163</u>

In August 2019 the town entered into an installment purchase agreement with the United States Department of Agriculture in the amount of \$200,000 for the purchase of a 2019 Pierce Pumper Fire Engine. The financing contract requires 20 annual payments of \$14,074 and at an interest rate of 3.5%

Annual debt service payments for the installment purchase as of June 30, 2021 including \$74 513 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 7 321	\$ 6 753
2023	7 577	6 497
2024	7 842	6 232
2025	8 101	5 973
2026	8 400	5 674
Thereafter	153 704	43 384
Total	<u>\$ 192 945</u>	<u>\$ 74 513</u>

In August 2019 the town entered into an installment purchase agreement with Wake Electric Membership Corporation in the amount of \$300,000 for the purchase of a 2019 Pierce Pumper Fire Engine. The financing contract requires 10 annual payments of \$30,000 and at an interest rate of 0.0%

Annual debt service payments for the installment purchase as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 30 000	\$ -
2023	30 000	-
2024	30 000	-
2025	30 000	-
2026	30 000	-
Thereafter	120 000	-
Total	\$ 270 000	\$ -

In May 2021 the Town entered into an installment purchase agreement with Truist Bank in the amount of \$93,218 for the acquisition of two Dodge Durango police vehicles. The financing requires 5 annual payments of \$19,651 and at an interest rate of 1.78%.

Annual debt service payments for the installment purchase as of June 30, 2021 including \$5,036 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 17 992	\$ 1 659
2023	18 312	1 339
2024	18 638	1 013
2025	18 969	681
2026	19 307	344
Total	\$ 93 218	\$ 5 036

#### *Electric Fund*

In September 2008, the Town entered into an installment purchase agreement with PNC Bank, N.A. for the acquisition and renovation of the public works building. The financing contract requires fifteen annual payments of principal and interest at a rate of 3.89%.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$13,442 of interest, are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 57 593	\$ 6 721
2023	57 593	4 481
2024	57 598	2 240
Total	\$ 172 784	\$ 13 442

#### *Water and Sewer Fund*

In Fiscal Year 2010-11, the Town transferred 45% of an installment purchase agreement with PNC Bank, N.A. for the acquisition and renovation of the public works building in the amount of \$725,676. The financing contract requires 15 annual payments of principal and interest at a rate of 3.89%.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$12,098 of interest, are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 51 834	\$ 6 049
2023	51 834	4 033
2024	51 834	2 016
Total	\$ 155 502	\$ 12 098

In October 2010, the Town entered into a loan agreement with the North Carolina Department of Environment and Natural Resources to borrow \$195,020 in ARRA funds for water distribution system improvements. The financing contract calls for fifteen annual principal payments with an interest rate of 0.0%.

Annual debt service payments on the loan as of June 30, 2021 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 9 751	\$ -
2023	9 751	-
2024	9 751	-
2025	9 751	-
2026	9 751	-
Thereafter	39 004	-
Total	\$ 87 759	\$ -

In February 2012, the Town entered into a State Revolving Loan agreement with the North Carolina Department of Environment and Natural Resources to borrow \$247,027 for water reclamation facility improvements. The financing contract calls for twenty annual payments with an interest rate of 0.0%. The first principal payment was due annually on or before May 1<sup>st</sup> and not due earlier than six months after the original date of completion of the project. Annual debt service payments on the loan as of June 30, 2021 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 12 351	\$ -
2023	12 351	-
2024	12 351	-
2025	12 351	-
2026	12 351	-
Thereafter	86 459	-
Total	\$ 148 216	\$ -

In June 2013, the Town entered into a State Revolving Loan agreement with the North Carolina Department of Environment and Natural Resources to borrow \$213,560 for water supply systems facility improvements. The financing contract calls for twenty annual payments with an interest rate of 0.0%. The first principal payment was due annually on or before May 1<sup>st</sup> and not due earlier than six months after the original date of completion of the project. In 2015 the loan was reduced to \$205,557. A payment in the amount of \$10,678 was recalculated to \$10,278 starting May 1, 2107 going forward.

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 10 278	\$ -
2023	10 278	-
2024	10 278	-
2025	10 278	-
2026	10 278	-
Thereafter	82 222	-
Total	\$ 133 612	\$ -

In May 2017, the Town entered into a State Revolving Loan agreement with the North Carolina Department of Environment and Natural Resources to borrow \$240,998 for sewer system facility improvements. The financing contract calls for twenty annual payments with an interest rate of 0.0%. The first principal payment was due annually on or before May 1<sup>st</sup> and not due earlier than six months after the original date of completion of the project.

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 12 050	\$ -
2023	12 049	-
2024	12 050	-
2025	12 049	-
2026	12 049	-
Thereafter	132 543	-
Total	\$ <u>192 790</u>	\$ <u>-</u>

In July 2018, the Town entered into a loan agreement with the North Carolina Department of Environmental Quality to borrow \$539,490 for sewer system improvements with \$269,745 of the loan amount reduced by “Principal Forgiveness”. The financing contract calls for twenty annual payments with an interest rate of 0.0%. The first principal payment was due annually on or before May 1<sup>st</sup> and not due earlier than six months after the original date of completion of the project.

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 13 488	\$ -
2023	13 487	-
2024	13 487	-
2025	13 487	-
2026	13 488	-
Thereafter	175 334	-
Total	\$ <u>242 771</u>	\$ <u>-</u>

In May 2021 the Town entered into a purchase installment agreement with Truist Bank in the amount of \$121,323 for the purchase of a backhoe for the water and sewer departments. The financing requires 5 annual payments of \$25,575 and at an interest rate of 1.78%.

Annual debt service payments for the installment purchase as of June 30, 2021 including \$6,555 of interest are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 23 416	\$ 2 160
2023	23 833	1 743
2024	24 257	1 318
2025	24 689	887
2026	25 128	447
Total	\$ <u>121 323</u>	\$ <u>6 555</u>

#### b. Revenue Bonds

Serviced by the Water and Sewer Fund:

\$1,873,000, Water and Sewer Revenue Bonds, Series 2011A, issued for water and sewer improvements, due in annual installments of various amounts plus interest from July 26, 2011 through July 26, 2051, interest is at 4.375% \$ 1 684 000

\$555,000, Water and Sewer Revenue Bonds, Series 2011B, issued for water and sewer improvements, due in annual installments of various amounts plus interest from July 26, 2001 through July 26, 2051; interest at 3.375 percent. 489 000

Total \$ 2 173 000

Annual debt service payments requirements to maturity for Series 2011A Water and Sewer Revenue Bonds as of June 30, 2021, including \$1,330,504 of interest are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 29 000	\$ 71 570
2023	30 000	70 338
2024	31 000	69 062
2025	32 000	67 745
2026	34 000	66 385
Thereafter	1 528 000	985 405
Total	\$ 1 684 000	\$ 1 330 504

Annual debt service payments requirements to maturity for Series 2011B Water and Sewer Revenue bonds as of June 30, 2021, including \$297,034 of interest are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 10 000	\$ 16 504
2023	10 000	16 166
2024	10 000	15 829
2025	11 000	15 491
2026	11 000	15 120
Thereafter	437 000	217 924
Total	\$ 489 000	\$ 297 034

The Town complies with the Bond Order covenants as to rates and charges, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2011A and 2011B. Section 5.01 of the Bond Order requires the Net Revenues for each fiscal year not be less than 110% of the debt service requirement for that year and not less than 100% of the amount necessary to meet annual debt service obligations coming due in that fiscal year with respect to the Town's general obligation bonds and installment financing obligations, if any, used to finance system improvements. The Net Revenue to debt service requirements are as follows:

Operating revenues	\$ 3 319 433
Operating expenses*	2 600 379
Operating income	719 054
Nonoperating revenues (expenses)**	29 050
Net revenue available for debt service	748 104
Debt service, principal, and interest paid (Revenue bonds only)	\$ 125 525
Net revenue to debt service (Revenue bonds only)	596%
Debt service, principal and interest paid (Installment obligation financing for system improvements)	\$ 138 645
Net revenue to debt service (Installment obligation financing for system improvements)	540%

\* Per rate covenants, this does not include the depreciation expense of \$614,275.

\*\* Per rate covenants, this does not include revenue bond interest paid of \$89,525.

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2,428,000 in water and sewer system revenue bonds issued in July 2011. Proceeds from the bonds provided financing for the extension of water and sewer lines. The bonds are payable solely from water and sewer customer net revenues and are payable through 2051. Annual principal and interest payments on the bonds are detailed above. The total principal and interest remaining to be paid on the bonds is \$3,800,538. Principal and interest paid for the current year was \$36,000 and \$89,525, respectively.

c. Changes in Long-Term Liabilities

	<b>Balance July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2021</b>	<b>Current Portion of Balance</b>
Governmental activities:					
Installment loans	\$ 1 028 790	\$ 93 218	\$ 229 979	\$ 892 029	\$ 137 496
Compensated absences	116 089	14 679	-	130 768	-
Total OPEB liability	629 272	87 895	-	717 167	-
Net pension liability (LGERS)	687 329	206 806	-	894 135	-
Total net pension liability (LEOSSA)	567 171	311 755	-	878 926	-
Governmental activities:					
Long – term liabilities	<u>\$ 3 028 651</u>	<u>\$ 714 353</u>	<u>\$ 229 979</u>	<u>\$ 3 513 025</u>	<u>\$ 137 496</u>
Business-type activities:					
Electric Fund					
Installment loans	\$ 230 378	\$ -	\$ 57 594	\$ 172 784	\$ 57 593
Compensated absences	65 947	7 147	-	73 094	-
Total OPEB liability	266 617	37 240	-	303 857	-
Net pension liability (LGERS)	253 954	93 123	-	347 077	-
Electric long-term liabilities	<u>\$ 816 896</u>	<u>\$ 137 510</u>	<u>\$ 57 594</u>	<u>\$ 896 812</u>	<u>\$ 57 593</u>
Water and Sewer Fund					
Installment loans	\$ 581 339	\$ 121 323	\$ 95 304	\$ 607 358	\$ 98 489
Clean Water Revolving Loan	160 568	-	12 352	148 216	12 351
Systems Water Revolving Loan	143 890	-	10 278	133 612	10 278
Pollution Control Revolving Loan	204 839	-	12 048	192 791	12 049
Compensated absences	71 962	10 889	-	82 851	-
Total OPEB liability	376 139	52 538	-	428 677	-
Net pension liability (LGERS)	351 535	103 201	-	454 736	-
Revenue bonds	2 209 000	-	36 000	2 173 000	39 000
Water and Sewer long-term liabilities	<u>\$ 4 099 272</u>	<u>\$ 287 951</u>	<u>\$ 165 982</u>	<u>\$ 4 221 241</u>	<u>\$ 172 167</u>
Business type activities:					
Long – term liabilities	<u>\$ 4 916 168</u>	<u>\$ 425 461</u>	<u>\$ 223 576</u>	<u>\$ 5 118 053</u>	<u>\$ 229 760</u>

C. Interfund Balances and Activities

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

Due to General Fund from Water/Sewer Fund	\$ 50 000
Due to General Fund from Total Non-major Funds	515 188
Due to Total Non-Major Funds from the General Fund	394 281
Total	<u>\$ 959 469</u>



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.

Transfers to/from other funds at June 30, 2021, consist of the following:	
From the Water and Sewer Fund to Industrial Park capital project	\$ 415 000
From the Electric Fund to the General Fund for return on investment as per NCGS 159B-39(c)	337 863
From the Electric Fund to the General Fund – payment in lieu of taxes	53 680
From the General Fund to the Electric Fund for prior year reimbursement	133 700
From the Electric Fund to Industrial Park capital project as per NCGS 159B-39(b)(9)	415 000
Total	\$ <u>1 355 243</u>

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

#### D. Fund Balance

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

<b><i>Total fund balance – General Fund</i></b>	<b>\$ 2 406 755</b>
Less:	
Stabilization by State Statute	1 012 252
Streets-Powell Bill	51 054
LEOSSA	360 069
Remaining Fund Balance	983 380

The Town of Louisburg assigns a portion of its fund balance for future law enforcement special separation allowance (LEOSSA) payments.

#### IV. Jointly Governed Organization

The Town, in conjunction with twenty other local governments, is a member of the North Carolina Eastern Municipal Power Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency governing board. The twenty members, who receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchase of power for the fiscal year ended June 30, 2021 was \$4,068,149.

The Town, in conjunction with five counties and fourteen other municipalities established the Kerr-Tar Council of Governments (COG). The participating governments established the COG to coordinate various funding received from federal and State agencies. Each participating government appoints thirty-two members to the Council's governing board. The Town paid membership fees of \$2,150 to the COG during the fiscal year ended June 30, 2021.

## V. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2021. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

## 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 grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

## VII. Significant Effects of Subsequent Events

On August 12, 2021, the NC General Assembly adopted Session Law 2021-103, "An Act Authorizing the Town of Louisburg to use Revenue Derived from Rates for Electric Service for Economic Development Projects that will Increase the Town's Number of Electric Customers or Electric Load". This law allows for the Town to use electric fund revenue derived from rates for electric service for development or redevelopment projects that will increase the municipality's number of electric customers or electric load thereby leading to reduced electric service rates, improved economic development, job growth, or community improvement. This legislation increases the amounts the Town is authorized to use from the electric fund for these specified services.

## VIII. Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom the fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in the fiduciary fund when an event has occurred that compel the government to disburse fiduciary resources.

As part of implementing the statement, the Town performed a comprehensive review of its fiduciary relationships that applied the criteria within the guidance. As a result, fund balance and net position were restated as of the beginning of the fiscal year as follows:

Governmental Activities Net Position-Increase (Decrease)	Nonmajor Special Revenue Fund Balance-Increase (Decrease)
\$ 751	\$ 751
<u>\$ 751</u>	<u>\$ 751</u>

Cash and receivables from fines and forfeitures net of liabilities owed to the Franklin County Board of Education were reclassified out of the Agency Fund into a newly created Fines and forfeitures Special Revenue Fund. The portion of liabilities in the Agency Fund representing receivable that were uncollected at the beginning of the year were restated as fund balance.

## Required Supplementary Financial Data

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

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

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

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Louisburg's proportion of the Net Pension liability (asset) (%)	0.04746%	0.04734%	0.04639%	0.04565%	0.05639%	0.0475%	(0.0472%)	0.0479%
Louisburg's proportion of the net pension liability (asset)	\$ 1 695 948	\$ 1 292 818	\$ 1 100 529	\$ 697 406	\$ 1 196 784	\$ 213 178	\$ (278 655)	\$ 94 254
Louisburg's covered payroll	\$ 3 387 101	\$ 3 198 257	\$ 3 311 250	\$ 3 200 604	\$ 3 072 837	\$ 3 028 482	\$ 2 787 673	\$ 2 609 778
Louisburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.07%	40.42%	33.24%	21.79%	38.95%	7.04%	(10.00%)	3.61%
Plan fiduciary net position as a percentage of total pension liability**	88.61%	90.86%	93.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Louisburg, North Carolina  
Town of Louisburg's Contributions  
Required Supplementary Information  
Last Eight Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 362 922	\$ 311 572	\$ 255 849	\$ 225 797	\$ 213 233	\$ 208 011	\$ 187 185	\$ 188 925
Contributions in relation to the contractually required contribution	<u>359 428</u>	<u>304 482</u>	<u>258 436</u>	<u>225 797</u>	<u>213 233</u>	<u>208 011</u>	<u>187 185</u>	<u>188 925</u>
Contribution deficiency (excess)	\$ <u>3 494</u>	\$ <u>7 090</u>	\$ <u>(2 587)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Louisburg's covered employee payroll	\$ 3 218 590	\$ 3 387 101	\$ 3 198 257	\$ 3 311 250	\$ 3 200 604	\$ 3 072 837	\$ 3 028 482	\$ 2 787 673
Contributions as a percentage of covered employee payroll	11.17%	8.99%	8.08%	6.82%	6.67%	6.77%	6.18%	6.78%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 567 171	\$ 499 718	\$ 440 126	\$ 398 372	\$ 377 030
Service Cost	27 012	22 965	23 310	18 002	20 885
Interest on the total pension liability	18 233	17 894	13 651	15 016	13 429
Differences between expected and actual experience in the measurement of total pension liability	38 324	24 947	59 909	(2 803)	-
Changes of assumptions or other inputs	243 913	17 897	(21 028)	30 236	(11 212)
Benefits payments	<u>(15 727)</u>	<u>(16 250)</u>	<u>(16 250)</u>	<u>(18 697)</u>	<u>(1 760)</u>
Ending balance of the total pension liability	<u>\$ 878 926</u>	<u>\$ 567 171</u>	<u>\$ 499 718</u>	<u>\$ 440 126</u>	<u>\$ 398 372</u>

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 878 926	\$ 567 171	\$ 499 718	\$ 440 126	\$ 398 372
Covered payroll	899 888	836 348	748 400	688 629	775 763
Total pension liability as a percentage of covered payroll	97.67%	67.82%	66.77%	63.91%	51.35%

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

**Town of Louisburg**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2021**

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 53 213	\$	54 458	\$	55 964	\$	59 903
Interest	45 253		55 159		51 145		44 806
Changes of benefit terms	-		-		-		-
Differences between expected and actual experience	12 306		(249 440)		(1 109)		20 592
Changes of assumptions	132 085		28 770		(36 602)		(63 462)
Benefits payments	(65 184)		(69 079)		(106 856)		(120 704)
<b>Net change in total OPEB liability</b>	<u>177 673</u>		<u>(180 132)</u>		<u>(37 458)</u>		<u>(58 865)</u>
<b>Total OPEB liability – beginning</b>	<u>1 272 028</u>		<u>452 160</u>		<u>1 489 618</u>		<u>1 548 483</u>
<b>Total OPEB liability – ending</b>	<u><u>\$ 1 449 701</u></u>	\$	<u><u>1 272 028</u></u>	\$	<u><u>1 452 160</u></u>	\$	<u><u>1 489 618</u></u>
<b>Covered payroll</b>	\$ 3 192 563	\$	3 192 563	\$	2 657 243	\$	2 657 243
<b>Total OEPB liability as a percentage of covered payroll</b>	45.41%		39.84%		54.65%		56.06%

**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:

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



## **Individual Fund Statements and Schedules**

**Town of Louisburg  
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 Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ -	\$ 1 314 211	\$ -
Penalties and interest	-	5 656	-
Total	<u>1 328 083</u>	<u>1 319 867</u>	<u>(8 216)</u>
Other taxes and licenses:			
Auto tags	-	28 570	-
Total	<u>30 000</u>	<u>28 570</u>	<u>(1 430)</u>
Unrestricted intergovernmental:			
Local option sales taxes	-	637 950	-
Utility franchise tax	-	311 731	-
Gasoline sales tax refund	-	26 701	-
Beer and wine tax	-	14 743	-
ABC profit distribution	-	245 789	-
Total	<u>1 229 774</u>	<u>1 236 914</u>	<u>7 140</u>
Restricted intergovernmental:			
Powell Bill allocation	-	90 448	-
Solid waste disposal tax	-	2 617	-
Central fire district	-	337 402	-
Total	<u>433 543</u>	<u>430 467</u>	<u>(3 076)</u>

(continued)

**Town of Louisburg  
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 Positive (Negative)</u>
Permits and fees:			
Zoning permits	\$ -	\$ 3 625	\$ -
Total	<u>2 000</u>	<u>3 625</u>	<u>1 625</u>
Sales and services			
Sanitation and landfill	-	393 797	-
Recreation department fees	-	9 973	-
Rental income	-	14 570	-
Police revenue	-	2 092	-
Cemetery revenue	-	22 920	-
Total	<u>493 400</u>	<u>443 352</u>	<u>(50 048)</u>
Investment earnings	<u>25 000</u>	<u>309</u>	<u>(24 691)</u>
Miscellaneous:			
Miscellaneous income	-	1 890	-
Donations	-	41 876	-
SRO-School contributions	-	140 000	-
Total	<u>627 534</u>	<u>183 766</u>	<u>(443 768)</u>
Total Revenues	<u>4 169 334</u>	<u>3 646 870</u>	<u>(522 464)</u>
<b>Expenditures:</b>			
General government:			
Governing council:			
Salaries and employee benefits	-	2 806	-
Other operating expenditures	-	13 622	-
Total	<u>18 924</u>	<u>16 428</u>	<u>2 496</u>
Administration:			
Salaries and employee benefits	-	134 611	-
Other operating expenditures	-	142 338	-
Total	<u>352 755</u>	<u>276 949</u>	<u>75 806</u>
Planning:			
Salaries and employee benefits	-	31 577	-
Other operating expenditures	-	132 811	-
Total	<u>164 420</u>	<u>164 388</u>	<u>32</u>
Total general government	<u>536 099</u>	<u>457 765</u>	<u>78 334</u>

(continued)

**Town of Louisburg  
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 Positive (Negative)</u>
Public safety:			
Police:			
Salaries and employee benefits	\$ -	\$ 1 416 498	\$ -
Other operating expenditures	-	258 041	-
Capital outlay	-	93 218	-
Total	<u>1 817 458</u>	<u>1 767 757</u>	<u>49 701</u>
Fire:			
Salaries and employee benefits	-	437 912	-
Other operating expenditures	-	157 677	-
Capital outlay	-	14 564	-
Total	<u>612 266</u>	<u>610 153</u>	<u>2 113</u>
Total public safety	<u>2 429 724</u>	<u>2 377 910</u>	<u>51 814</u>
Streets and sanitation:			
Streets:			
Salaries and employee benefits	-	419 609	-
Other operating expenditures	-	192 867	-
Capital outlay	-	1 977	-
Total	<u>618 505</u>	<u>614 453</u>	<u>4 052</u>
Solid Waste:			
Salaries and employee benefits	-	155 472	-
Sanitation	-	26 425	-
Landfill	-	55 586	-
Other operating expenditures	-	40 592	-
Capital outlay	-	17 325	-
Total	<u>352 290</u>	<u>295 400</u>	<u>56 890</u>
Total streets and sanitation	<u>970 795</u>	<u>909 853</u>	<u>60 942</u>

(continued)

**Town of Louisburg**  
**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 Positive (Negative)</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	\$ -	\$ 85 775	\$ -
Other operating expenditures	-	175 413	-
Capital outlay	-	12 101	-
Total	<u>369 461</u>	<u>273 289</u>	<u>96 172</u>
Debt service:			
Principal retirement	-	229 978	-
Interest and other changes	-	23 708	-
Total debt service	<u>250 148</u>	<u>253 686</u>	<u>(3 538)</u>
Total expenditures	<u>4 556 227</u>	<u>4 272 503</u>	<u>(283 724)</u>
Revenues over (under) expenditures	(386 893)	(625 633)	(238 740)
Other financing sources (uses):			
Transfers from other funds:			
Electric Fund	391 543	391 543	-
Transfers to other funds:			
Enterprise funds	(133 700)	(133 676)	24
Sale of assets	26 200	4 320	(21 880)
Insurance recovery	2 850	2 839	(11)
Grant proceeds	-	503 035	503 035
Loan proceeds	100 000	93 218	(6 782)
Total	<u>386 893</u>	<u>861 279</u>	<u>474 386</u>
Fund balance appropriated	-	-	-
Net change in fund balance	\$ <u>-</u>	235 646	\$ <u>235 646</u>
Fund balances:			
Beginning as previously reported		<u>2 171 109</u>	
Ending		\$ <u>2 406 755</u>	

**Town of Louisburg**  
**Capital Project Fund – Grant Project South Main Sidewalk**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues – Sidewalk Project:					
Restricted intergovernmental:					
DOT Grant	\$ 506 000	\$ 394 045	\$ -	\$ 394 045	\$ (111 955)
Total revenues	<u>506 000</u>	<u>394 045</u>	<u>-</u>	<u>394 045</u>	<u>(111 955)</u>
Expenditures:					
Revitalization:					
Legal/Admin/Fiscal	3 670	10 730	-	10 730	(7 060)
Construction	502 760	378 754	-	378 754	124 006
Engineering	36 790	44 471	-	44 471	(7 681)
Construction administration	23 400	39 698	-	39 698	(16 298)
Construction inspection	26 000	27 124	-	27 124	(1 124)
Contingency	39 880	-	-	-	39 880
Total expenditures	<u>632 500</u>	<u>500 777</u>	<u>-</u>	<u>500 777</u>	<u>131 723</u>
Other financing sources:					
Town contribution	126 500	116 442	-	116 442	(10 058)
Total other sources:	<u>126 500</u>	<u>116 442</u>	<u>-</u>	<u>116 442</u>	<u>(10 058)</u>
Revenues under expenditures over (under) expenditures	\$ -	\$ 9 710	-	\$ 9 710	\$ 9 710
Fund balance, beginning:			9 710		
Fund balance, ending			<u>\$ 9 710</u>		

**Town of Louisburg**  
**Special Revenue Fund – Grant Project Mineral Springs**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues – Mineral Springs Project:					
Restricted intergovernmental:					
Community Block Grant	\$ <u>50 000</u>	\$ <u>50 000</u>	\$ <u>-</u>	\$ <u>50 000</u>	\$ <u>-</u>
Total revenues	<u>50 000</u>	<u>50 000</u>	<u>-</u>	<u>50 000</u>	<u>-</u>
Expenditures:					
Revitalization:					
Legal/Admin	5 000	1 024	-	1 024	3 976
Planning	<u>45 000</u>	<u>10 187</u>	<u>-</u>	<u>10 187</u>	<u>34 813</u>
Total expenditures	<u>50 000</u>	<u>11 211</u>	<u>-</u>	<u>11 211</u>	<u>38 789</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>38 789</u>	\$ <u>-</u>	\$ <u>38 789</u>	\$ <u>38 789</u>
Fund Balance, beginning			<u>38 789</u>		
Fund Balance, ending			<u>\$ <u>38 789</u></u>		

**Town of Louisburg**  
**Capital Project Fund – Grant Project Joyner Park**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues – Sidewalk Project:					
Restricted intergovernmental:					
PARTF Grant proceeds	\$ 250 000	\$ 250 000	\$ -	\$ 250 000	\$ -
Total revenues	<u>250 000</u>	<u>250 000</u>	<u>-</u>	<u>250 000</u>	<u>-</u>
Expenditures:					
Revitalization:					
Construction	375 000	515 298	(5 735)	509 563	(134 563)
Engineering	100 000	-	-	-	100 000
Contingency	<u>25 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25 000</u>
Total expenditures	<u>500 000</u>	<u>515 298</u>	<u>(5 735)</u>	<u>509 563</u>	<u>(9 563)</u>
Other financing sources:					
Town contribution	<u>250 000</u>	<u>265 298</u>	<u>(5 735)</u>	<u>259 563</u>	<u>9 563</u>
Total other sources:	<u>250 000</u>	<u>265 298</u>	<u>(5 735)</u>	<u>259 563</u>	<u>9 563</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund balance, beginning:			<u>-</u>		
Fund balance, ending			<u><u>-</u></u>		



**Town of Louisburg**  
**Capital Project Fund – USDA Parking Lot Project**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
USDA Loan	\$ 83 000	\$ 83 000	\$ -	\$ 83 000	\$ -
USDA Grant	50 000	50 000	-	50 000	-
Total revenues	<u>133 000</u>	<u>133 000</u>	<u>-</u>	<u>133 000</u>	<u>-</u>
Expenditures:					
Infrastructure:					
Acquisition	35 000	36 318	-	36 318	(1 318)
Legal/Admin/Fiscal	1 200	1 416	-	1 416	(216)
Construction	85 000	81 467	-	81 467	3 533
Engineering design	3 500	4 900	-	4 900	(1 400)
Contingency	8 500	-	-	-	8 500
Total expenditures	<u>133 200</u>	<u>124 101</u>	<u>-</u>	<u>124 101</u>	<u>9 099</u>
Other financing sources:					
Town contribution	200	-	-	-	(200)
Total other sources:	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200)</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>8 899</u>	-	\$ <u>8 899</u>	\$ <u>8 899</u>
Fund balance, beginning:			<u>8 899</u>		
Fund balance, ending			<u>\$ <u>8 899</u></u>		

**Town of Louisburg**  
**Capital Project Fund – Grant Project Sidewalk Bickett & Johnson**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues – Sidewalk Project:					
Restricted intergovernmental:					
Grant proceeds	\$ <u>354 000</u>	\$ <u>343 124</u>	\$ <u>5 857</u>	\$ <u>348 981</u>	\$ <u>(5 019)</u>
Total revenues	<u>354 000</u>	<u>343 124</u>	<u>5 857</u>	<u>348 981</u>	<u>(5 019)</u>
Expenditures:					
Sidewalk Infrastructure:					
Construction	335 000	329 922	5 857	335 779	(779)
Engineering	<u>70 000</u>	<u>64 202</u>	<u>-</u>	<u>64 202</u>	<u>5 798</u>
Total expenditures	<u>405 000</u>	<u>394 124</u>	<u>5 857</u>	<u>399 981</u>	<u>5 019</u>
Other financing sources:					
Town contribution	<u>51 000</u>	<u>51 000</u>	<u>-</u>	<u>51 000</u>	<u>-</u>
Total other sources:	<u>51 000</u>	<u>51 000</u>	<u>-</u>	<u>51 000</u>	<u>-</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund balance, beginning:			<u>-</u>		
Fund balance, ending			\$ <u>-</u>		

**Town of Louisburg**  
**Capital Project Fund – Downtown Revitalization**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Grant funds	\$ <u>899 000</u>	\$ <u>600 000</u>	\$ <u>-</u>	\$ <u>600 000</u>	\$ <u>(299 000)</u>
Total revenues	<u>899 000</u>	<u>600 000</u>	<u>-</u>	<u>600 000</u>	<u>(299 000)</u>
Expenditures:					
Revitalization:					
Acquisition and renovation	<u>1 061 835</u>	<u>621 274</u>	<u>125 478</u>	<u>746 752</u>	<u>315 083</u>
Total expenditures	<u>1 061 835</u>	<u>621 274</u>	<u>125 478</u>	<u>746 752</u>	<u>315 083</u>
Other financing sources:					
Sale of building	<u>162 835</u>	<u>322 262</u>	<u>180 000</u>	<u>502 262</u>	<u>339 427</u>
Rental income	<u>-</u>	<u>21 824</u>	<u>-</u>	<u>21 824</u>	<u>21 824</u>
Total other sources	<u>162 835</u>	<u>344 086</u>	<u>180 000</u>	<u>524 086</u>	<u>361 251</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>322 812</u>	<u>54 522</u>	\$ <u>377 334</u>	\$ <u>377 334</u>
Fund balance, beginning:			<u>322 812</u>		
Fund balance, ending			\$ <u>377 334</u>		

**Town of Louisburg**  
**Capital Project Fund – Grant Project Sidewalk N. Main Street**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues – Sidewalk Project:					
Restricted intergovernmental:					
Grant proceeds	\$ <u>270 400</u>	\$ <u>71 189</u>	\$ <u>20 676</u>	\$ <u>91 865</u>	\$ <u>(178 535)</u>
Total revenues	<u>270 400</u>	<u>71 189</u>	<u>20 676</u>	<u>91 865</u>	<u>(178 535)</u>
Expenditures:					
Sidewalk Infrastructure:					
Construction	<u>338 000</u>	<u>94 252</u>	<u>20 676</u>	<u>114 928</u>	<u>223 072</u>
Total expenditures	<u>338 000</u>	<u>94 252</u>	<u>20 676</u>	<u>114 928</u>	<u>223 072</u>
Other financing sources:					
Town contribution	<u>67 600</u>	<u>23 063</u>	<u>-</u>	<u>23 063</u>	<u>(44 537)</u>
Total other sources:	<u>67 600</u>	<u>23 063</u>	<u>-</u>	<u>23 063</u>	<u>(44 537)</u>
Revenues under expenditures over (under) expenditures	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u>-</u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Fund balance, beginning:			<u>-</u>		
Fund balance, ending			\$ <u><u>-</u></u>		

**Town of Louisburg**  
**Capital Project Fund – Industrial Park**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Industrial Development Grant	\$ 2 439 100	\$ -	\$ -	\$ -	\$ (2 439 100)
Total revenues	<u>2 439 100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2 439 100)</u>
Expenditures:					
Infrastructure:					
Legal/Admin/Fiscal	25 000	-	-	-	25 000
Acquisition	510 500	-	521 280	521 280	(10 780)
Water infrastructure	457 150	-	-	-	457 150
Engineering	345 000	-	5 000	5 000	340 000
Sewer infrastructure	570 350	-	-	-	570 350
Electric infrastructure	320 000	-	-	-	320 000
Industrial Access	853 000	-	33 425	33 425	819 575
Contingency	188 100	-	-	-	188 100
Total expenditures	<u>3 269 100</u>	<u>-</u>	<u>559 705</u>	<u>559 705</u>	<u>2 709 395</u>
Other financing sources:					
Town contribution	830 000	-	830 000	830 000	-
Total other sources:	<u>830 000</u>	<u>-</u>	<u>830 000</u>	<u>830 000</u>	<u>-</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	270 295	\$ <u>270 295</u>	\$ <u>270 295</u>
Fund balance, beginning:			-		
Fund balance, ending			<u><u>\$ 270 295</u></u>		

**Town of Louisburg  
Combining Balance Sheet  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2021**

	Mineral Springs Project	S. Main Sidewalk Project	Joyner Park Project	USDA Parking Lot Project	Bickett Sidewalk Project	N. Main Sidewalk Project	Downtown Revitalize Project	Industrial Park Project	Special Revenue Fines & Forfeitures	Total
<b>Assets</b>										
Cash & cash equivalents	\$ 38 789	\$ -	\$ -	\$ 8 899	\$ -	\$ -	\$ 491 015	\$ 270 295	\$ 751	\$ 809 749
Accounts receivable, net	-	-	152	-	-	-	-	-	-	152
Due from general fund	-	54 920	265 298	-	51 000	23 063	-	-	-	394 281
Due from other govt	-	-	32 500	-	6 100	91 865	-	-	-	130 465
Total Assets	<u>38 789</u>	<u>54 920</u>	<u>297 950</u>	<u>8 899</u>	<u>57 100</u>	<u>114 928</u>	<u>491 015</u>	<u>270 295</u>	<u>751</u>	<u>1 334 647</u>
<b>Liabilities &amp; Fund Balances</b>										
Liabilities										
Accounts payable and and accrued liabilities	-	-	-	-	-	-	113 681	-	751	114 432
Due to General Fund	-	45 210	297 950	-	57 100	114 928	-	-	-	515 188
Total liabilities	<u>-</u>	<u>45 210</u>	<u>297 950</u>	<u>-</u>	<u>57 100</u>	<u>114 928</u>	<u>113 681</u>	<u>-</u>	<u>751</u>	<u>629 620</u>
Fund balances:										
Restricted	<u>38 789</u>	<u>9 710</u>	<u>-</u>	<u>8 899</u>	<u>-</u>	<u>-</u>	<u>377 334</u>	<u>270 295</u>	<u>-</u>	<u>705 027</u>
Total liabilities and fund balances	\$ <u>38 789</u>	\$ <u>54 920</u>	\$ <u>297 950</u>	\$ <u>8 899</u>	\$ <u>57 100</u>	\$ <u>114 928</u>	\$ <u>491 015</u>	\$ <u>270 295</u>	\$ <u>751</u>	\$ <u>1 334 647</u>

**Town of Louisburg**  
**Combining State of Revenues, Expenditures, and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

	Mineral Springs Project	S. Main Sidewalk Project	Joyner Park Project	USDA Parking Lot Project	Downtown Revitalize Project	Bickett Sidewalk Project	N. Main Sidewalk Project	Industrial Park Project	Total
Revenues:									
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5 857	\$ 20 676	\$ -	\$ 26 533
Total revenue	-	-	-	-	-	5 857	20 676	-	26 533
Expenditures									
Revitalization	-	-	(5 735)	-	125 478	5 857	20 676	559 705	705 981
Total expenditures	-	-	(5 735)	-	125 478	5 857	20 676	559 705	705 981
Revenues over expenditures	-	-	5 735	-	(125 478)	-	-	(559 705)	(679 448)
Other financing sources(uses):									
Sale of fixed assets	-	-	-	-	180 000	-	-	-	180 000
Town contribution	-	-	(5 735)	-	-	-	-	830 000	824 265
Total other sources	-	-	(5 735)	-	180 000	-	-	830 000	1 004 265
Revenue over expenditures and other financing sources (uses)	-	-	-	-	54 522	-	-	270 295	324 817
Fund balance beginning	38 789	9 710	-	8 899	322 812	-	-	-	380 210
Fund balances ending	\$ 38 789	\$ 9 710	\$ -	\$ 8 899	\$ 377 334	\$ -	\$ -	\$ 270 295	\$ 705 027

**Town of Louisburg**  
**Electric 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>			
Operating revenues:			
Charges for services:			
Electricity sales to customers	\$ 7 046 428	\$ 6 939 341	\$ (107 087)
Total	<u>7 046 428</u>	<u>6 939 341</u>	<u>(107 087)</u>
Other operating revenues:	97 700	110 713	13 013
Total operating revenues	<u>7 144 128</u>	<u>7 050 054</u>	<u>(94 074)</u>
Nonoperating revenues:			
Interest (net of expenses)	25 000	1 079	(23 921)
Total Revenues	<u>7 169 128</u>	<u>7 051 133</u>	<u>(117 995)</u>
<b>Expenditures:</b>			
Governing body:			
Salaries and employee benefits		4 825	
Other operating expenditures		11 049	
Total	<u>34 859</u>	<u>15 874</u>	<u>18 985</u>
Administration:			
Salaries and employee benefits		314 454	
Supplies		8 663	
Other operating expenditures		46 455	
Total	<u>443 828</u>	<u>369 572</u>	<u>74 256</u>
Business office:			
Salaries and employee benefits		105 540	
Other operating expenditures		77 968	
Total	<u>185 674</u>	<u>183 508</u>	<u>2 166</u>
Electrical operations:			
Salaries and employee benefits		804 280	
Line maintenance		116 094	
Vehicle and equipment maintenance		75 089	
Other operating expenditures		256 733	
NC utilities tax		433 636	
Capital outlay		74 407	
Total	<u>2 023 450</u>	<u>1 760 239</u>	<u>263 211</u>
Electrical power purchases	<u>4 174 169</u>	<u>4 068 149</u>	<u>106 020</u>

(continued)



**Town of Louisburg**  
**Electric Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Payment on debt principal	\$ -	\$ 57 594	\$ -
Interest	-	8 954	-
Total	<u>69 281</u>	<u>66 548</u>	<u>2 733</u>
Total Expenditures	<u>6 931 261</u>	<u>6 463 890</u>	<u>467 371</u>
Revenues over (under) expenditures	237 867	587 243	349 376
Other financing (uses):			
Transfers from other funds:			
General Fund	133 676	133 676	-
Transfers to other funds:			
General Fund	(391 543)	(391 543)	-
Capital Project Fund	(415 000)	(415 000)	-
Grant funds	<u>25 000</u>	<u>25 000</u>	<u>-</u>
Total other financing sources (uses)	(647 867)	(647 867)	-
Appropriated fund balance	410 000	-	(410 000)
Revenues over (under) expenditures and other financing (uses)	<u>\$ -</u>	<u>(60 624)</u>	<u>\$ (60 624)</u>

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

Reconciling items:	
Principal retirement	\$ 57 594
Capital outlays	74 407
Depreciation	(221 994)
Interest income from Rate Stabilization Fund	1
(Increase) decrease in accrued vacation pay	(7 147)
Increase (decrease) in deferred outflows of resources- pensions	37 304
(Increase) decrease in net pension liability	(93 123)
(Increase) decrease in deferred inflows of resources-pensions	1 081
Increase (decrease) in deferred outflows of resources-OPEB	26 267
(Increase) decrease in deferred inflows of resources-OPEB	9 559
(Increase) decrease in accrued OPEB liability	<u>(37 240)</u>
Total	<u>(153 291)</u>
Change in net position	<u>\$ (213 915)</u>

**Town of Louisburg**  
**Electric Rate Stabilization 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 Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ -	\$ 1	\$ 1
<b>Expenditures:</b>			
Rate stabilization	-	-	-
Total expenditures	-	-	-
Other financing sources (uses):			
Transfers from other funds:			
Electric Operating Fund	-	-	-
Total other financing sources (uses)	-	-	-
<b>Revenues over other financing sources (uses)</b>	<b>\$ -</b>	<b>1</b>	<b>\$ 1</b>
<b>Fund Balances:</b>			
Beginning of year, July 1		308 937	
End of year, June 30		\$ 308 938	

**Town of Louisburg**  
**Electric Capital Project Fund – Load Management Project**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Sidewalk Infrastructure:					
Construction	\$ <u>259 414</u>	\$ <u>92 538</u>	\$ <u>21 106</u>	\$ <u>113 644</u>	\$ <u>145 770</u>
Total expenditures	<u>259 414</u>	<u>92 538</u>	<u>21 106</u>	<u>113 644</u>	<u>145 770</u>
Other financing sources:					
Town electric fund contribution	<u>259 414</u>	<u>92 538</u>	<u>21 106</u>	<u>113 644</u>	<u>(145 770)</u>
Total other sources:	<u>259 414</u>	<u>92 538</u>	<u>21 106</u>	<u>113 644</u>	<u>(145 770)</u>
Revenues and other sources over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund balance, beginning:			<u>-</u>		
Fund balance, ending			\$ <u><u>-</u></u>		

**Town of Louisburg**  
**Electric Capital Project Fund – N. Church St.**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues – Sidewalk Project:					
Sale of materials	\$ -	\$ 434	\$ -	\$ 434	\$ 434
Sale of fixed assets	-	365 152	-	365 152	365 152
Total revenues	-	365 586	-	365 586	365 586
Expenditures:					
Construction	500 000	561 700	14 662	576 362	(76 362)
Total expenditures	500 000	561 700	14 662	576 362	(76 362)
Other financing sources:					
Town electric fund contribution	500 000	196 114	14 662	210 776	(289 224)
Total other sources:	500 000	196 114	14 662	210 776	(289 224)
Revenues and other sources over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning:			-		
Fund balance, ending			\$ -		

**Town of Louisburg  
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>			
Charges for Services:			
Water sales	\$	\$ 1 731 220	\$
Sewer sales		1 524 893	
Total	<u>3 012 100</u>	<u>3 256 113</u>	<u>244 013</u>
Water and sewer connections	<u>30 500</u>	<u>40 500</u>	<u>10 000</u>
Other operating revenues	<u>32 750</u>	<u>22 821</u>	<u>(9 929)</u>
Total operating revenues	<u>3 075 350</u>	<u>3 319 434</u>	<u>244 084</u>
Nonoperating revenues:			
Interest earnings – net of expenses	<u>10 000</u>	<u>213</u>	<u>(9 787)</u>
Total nonoperating revenues	<u>10 000</u>	<u>213</u>	<u>(9 787)</u>
 Total revenues	 <u>3 085 350</u>	 <u>3 319 647</u>	 <u>234 297</u>
<b>Expenditures:</b>			
Governing body:			
Salaries and employee benefits		3 589	
Other operating expenditures		4 496	
Total	<u>13 289</u>	<u>8 085</u>	<u>5 204</u>
Administration:			
Salaries and employee benefits		166 389	
Other operating expenditures		28 269	
Total	<u>195 917</u>	<u>194 658</u>	<u>1 259</u>
Business office:			
Salaries and employee benefits		114 224	
Other operating expenditures		74 624	
Total	<u>194 386</u>	<u>188 848</u>	<u>5 538</u>

(continued)

**Town of Louisburg  
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>
Water treatment and distribution:			
Water treatment plant:			
Salaries and employee benefits	\$	\$ 301 000	\$
Chemicals		99 951	
Utilities		88 937	
Maintenance		62 513	
Other operating expenditures		29 786	
Total	<u>599 525</u>	<u>582 187</u>	<u>17 338</u>
Water distribution:			
Salaries and employee benefits		208 475	
Supplies		7 917	
Line maintenance and repairs		69 499	
Other operating expenditures		79 154	
Total	<u>398 833</u>	<u>365 045</u>	<u>33 788</u>
Total water treatment and distribution	<u>998 358</u>	<u>947 232</u>	<u>51 126</u>
Waste collection and treatment:			
Sewer collection system:			
Salaries and employee benefits		225 720	
Line maintenance and repairs		65 902	
Other operating expenditures		59 064	
Total	<u>354 981</u>	<u>350 686</u>	<u>4 295</u>
Waste treatment plant:			
Salaries and employee benefits		413 569	
Maintenance and repairs		81 830	
Sludge hauling		172 933	
Utilities		102 737	
Other operating expenditures		64 281	
Total	<u>832 114</u>	<u>835 350</u>	<u>(3 236)</u>
Total waste collection and treatment	<u>1 187 095</u>	<u>1 186 036</u>	<u>1 059</u>
Contingency	-		-
Debt service:			
Interest and other charges		98 188	
Principal retirement		165 982	
Total debt service	<u>265 544</u>	<u>264 170</u>	<u>1 374</u>
Capital outlay			
Water	176 693	134 483	42 210
Sewer	93 468	156 179	(62 711)
Total capital outlay	<u>270 161</u>	<u>290 662</u>	<u>(20 501)</u>
Total expenditures	<u>3 124 750</u>	<u>3 079 691</u>	<u>45 059</u>
Revenues over (under) expenditures	<u>(39 400)</u>	<u>239 956</u>	<u>279 356</u>
			(continued)

**Town of Louisburg  
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>
Other financing sources (uses):			
Sale of fixed assets	\$ 33 000	\$ 37 500	\$ 4 500
Loan proceeds	130 000	121 323	(8 677)
Insurance recovery	6 400	6 356	(44)
Grant proceeds	-	103 769	103 769
Transfers to other funds			
Capital project	(415 000)	(415 000)	-
Total other financing sources (uses)	<u>(245 600)</u>	<u>(146 052)</u>	<u>99 548</u>
Appropriated fund balance	<u>285 000</u>	<u>-</u>	<u>(285 000)</u>
Revenues, other financing sources, and appropriated fund balance over (under) expenditures and other uses	\$ <u>-</u>	<u>93 904</u>	\$ <u>93 904</u>

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

Reconciling items:

Principal retirement	165 982
Capital outlay	222 753
Decrease (increase) in accrued vacation pay	(10 889)
Increase (decrease) in deferred outflows of resources- pensions	39 368
Decrease (increase) in net pension liability	(103 201)
Decrease (increase) in deferred inflows of resources- pensions	1 197
Increase (decrease) in deferred outflows of resources OPEB	37 057
Decrease (increase) in deferred inflows of resources OPEB	13 486
Decrease (increase) in accrued OPEB liability	(52 538)
Depreciation	(546 367)
New debt	(121 323)
Total reconciling items	<u>(354 475)</u>

Change in net position	\$ <u>(260 571)</u>
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**Town of Louisburg, North Carolina**  
**Water and Sewer Capital Project –Clarifier Replacement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Grant Funds	\$ 500 000	\$ 180 968	\$ 73 292	\$ 254 260	\$ (245 740)
Loan Funds	<u>200 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200 000)</u>
Total revenue	<u>700 000</u>	<u>180 968</u>	<u>73 292</u>	<u>254 260</u>	<u>(445 740)</u>
Expenditures:					
Legal/Admin/Engineering	111 000	-	73 292	73 292	37 708
Construction	407 000	180 968	-	180 968	226 032
Contingency	<u>182 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182 000</u>
Total expenditures	<u>700 000</u>	<u>180 968</u>	<u>73 292</u>	<u>254 260</u>	<u>445 740</u>
Revenues under expenditures	-	-	-	-	-
Revenues over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>



**Town of Louisburg, North Carolina**  
**Water and Sewer Capital Project – Sewer Influent System Improvements**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Grant Funds	\$ 269 500	\$ 250 758	\$ -	\$ 250 758	\$ (18 742)
Loan Funds	<u>269 500</u>	<u>269 500</u>	<u>-</u>	<u>269 500</u>	<u>-</u>
Total revenue	<u>539 000</u>	<u>520 258</u>	<u>-</u>	<u>520 258</u>	<u>(18 742)</u>
Expenditures:					
Legal/Admin	49 260	24 552	-	24 552	24 708
Engineering	47 200	35 000	-	35 000	12 200
Construction Admin	99 000	37 000	-	37 000	62 000
Construction	322 240	423 706	-	423 706	(101 466)
Contingency	<u>32 300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32 300</u>
Total expenditures	<u>550 000</u>	<u>520 258</u>	<u>-</u>	<u>520 258</u>	<u>29 742</u>
Other financing sources:					
Town contribution	<u>11 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11 000)</u>
Total other sources:	<u>11 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11 000)</u>
Revenues and other sources over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**Town of Louisburg**  
**Water and Sewer Capital Project– CDBG Bullock Street Water**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Grant funds	\$ <u>532 100</u>	\$ <u>-</u>	\$ <u>30 477</u>	\$ <u>30 477</u>	\$ <u>(501 623)</u>
Total revenues	<u>532 100</u>	<u>-</u>	<u>30 477</u>	<u>30 477</u>	<u>(501 623)</u>
Expenditures:					
Infrastructure:					
Legal/admin/fiscal	53 210	-	30 000	30 000	23 210
Construction	<u>478 890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478 890</u>
Total expenditures	<u>532 100</u>	<u>-</u>	<u>30 000</u>	<u>30 000</u>	<u>502 100</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>477</u>	\$ <u>477</u>	\$ <u>477</u>
Fund balance, beginning:			<u>-</u>		
Fund balance, ending			\$ <u>477</u>		

**Town of Louisburg**  
**Water and Sewer Capital Project– Effluent Pipeline**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
USDA Grant	\$ 2 300 000	\$ -	\$ -	\$ -	\$ (2 300 000)
Golden Leaf Grant	300 000	-	-	-	(300 000)
CDBG Grant	1 700 000	-	-	-	(1 700 000)
EDA	2 500 000	-	-	-	(2 500 000)
Total revenues	<u>6 800 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6 800 000)</u>
Expenditures:					
Infrastructure:					
Construction	<u>6 800 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 800 000</u>
Total expenditures	<u>6 800 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 800 000</u>
Revenues under expenditures over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

## **Other Schedules**

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**This section contains additional information on property taxes.**

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- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Water and Sewer Fund's Schedule of Net Position by Function**
- **Water and Sewer Fund's Schedule of Revenues, Expenditures, and Changes in Net Fund Position by Function**
- **Water and Sewer Fund's Schedule of Cash Flows by Function**

**Town of Louisburg, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2021**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 1 312 940	\$ 1 294 993	\$ 17 947
2019-2020	28 896	-	20 337	8 559
2018-2019	7 813	-	3 272	4 541
2017-2018	1 782	-	38	1 744
2016-2017	1 645	-	38	1 607
2015-2016	1 775	-	42	1 733
2014-2015	1 682	-	40	1 642
2013-2014	1 447	-	88	1 359
2012-2013	1 319	-	39	1 280
2011-2012	1 140	-	48	1 092
2010-2011	806	-	806	-
	<u>\$ 48 305</u>	<u>\$ 1 312 940</u>	<u>\$ 1 319 741</u>	<u>\$ 41 504</u>

Less allowance for uncollectable accounts:  
General Fund

7 106

Ad valorem taxes receivable – net

\$ 34 398

Reconcilement with revenues:

Ad valorem taxes – General Fund  
Late fees

\$ 1 319 867  
751

Reconciling items:

Interest collected

(4 905)

Discounts allowed

3 222

Taxes written off

806

Subtotal

(877)

Total collections and credits

\$ 1 319 741

**Town of Louisburg, North Carolina**  
**Analysis of Current Tax Levy**  
**Town – Wide Levy**  
**Ended June 30, 2021**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 291 764 444	0.45	\$ 1 312 940	\$ 1 234 095	\$ 78 845
Total	<u>291 764 444</u>		<u>1 312 940</u>	<u>1 234 095</u>	<u>78 845</u>
Discoveries:					
Current year taxes					-
Prior year taxes	-		-	-	-
Penalties	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Abatements	-		-	-	-
Total property valuation	\$ <u>291 764 444</u>				
Net levy			1 312 940	1 234 095	78 845
Uncollected taxes at June 30, 2021			<u>(17 947)</u>	<u>(17 947)</u>	<u>-</u>
Current year's taxed collected			\$ <u>1 294 993</u>	\$ <u>1 216 148</u>	\$ <u>78 845</u>
Current levy collection percentage			<u>98.63%</u>	<u>98.55%</u>	<u>100.00%</u>

**Town of Louisburg  
Schedule of Net Position  
Water and Sewer Fund by Function  
June 30, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1 223 352	\$ 178 442	\$ 1 401 794
Restricted cash and cash equivalents	39 685	2 612	42 297
Accounts receivable (net)	193 174	195 555	388 729
Due from other governments	-	319 398	319 398
Inventories	9 498	-	9 498
Total current assets	<u>1 465 709</u>	<u>696 007</u>	<u>2 161 716</u>
Noncurrent assets:			
Capital assets			
Land, non-depreciable assets			
improvements and construction in progress	15 485	804 518	820 003
Other capital assets, net of depreciation	2 786 465	10 939 964	13 726 429
Capital assets (net)	<u>2 801 950</u>	<u>11 744 482</u>	<u>14 546 432</u>
Total noncurrent assets	<u>2 801 950</u>	<u>11 744 482</u>	<u>14 546 432</u>
Total assets	<u>4 267 659</u>	<u>12 440 489</u>	<u>16 708 148</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in fiscal year	40 026	51 988	92 014
Pension related deferred outflows	70 445	88 031	158 476
OPEB deferrals	27 656	33 482	61 138
Total deferred outflows of resources	<u>138 127</u>	<u>173 501</u>	<u>311 628</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	59 592	34 946	94 538
Customer deposits	39 685	2 612	42 297
Due to other funds	-	50 000	50 000
Revenue bond payable current	10 000	29 000	39 000
Installment purchase current	57 654	75 513	133 167
Total current liabilities	<u>166 931</u>	<u>192 071</u>	<u>359 002</u>
Noncurrent liabilities:			
Other noncurrent liabilities:			
Compensated absences	34 552	48 299	82 851
Net pension liability	205 554	249 182	454 736
Total OPEB liability	189 820	238 857	428 677
Installment notes	302 131	646 678	948 809
Revenue bonds payable	479 000	1 655 000	2 134 000
Total non-current liabilities	<u>1 211 057</u>	<u>2 838 016</u>	<u>4 049 073</u>
Total liabilities	<u>1 377 988</u>	<u>3 030 087</u>	<u>4 408 075</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	3 992	5 625	9 617
OPEB deferrals	31 323	38 534	69 857
Total deferred inflows of resources	<u>35 315</u>	<u>44 159</u>	<u>79 474</u>
<b>NET POSITION</b>			
Net investment in capital assets	1 953 165	9 338 291	11 291 456
Unrestricted	1 039 318	201 453	1 240 771
Total net position	<u>\$ 2 992 483</u>	<u>\$ 9 539 744</u>	<u>\$ 12 532 227</u>

**Town of Louisburg**  
**Schedule of Revenues, Expenses, and Changes in Fund Net Position**  
**Water and Sewer Fund by Function**  
**For the Year Ended June 30, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1 731 219	\$ 1 524 893	\$ 3 256 112
Water and sewer connections	21 000	19 500	40 500
Other operating revenues	4 857	17 964	22 821
<b>Total operating revenues</b>	<u>1 757 076</u>	<u>1 562 357</u>	<u>3 319 433</u>
<b>OPERATING EXPENSES</b>			
Governing body	4 300	3 785	8 085
Administration	85 671	100 395	186 066
Business office	89 973	92 590	182 563
Water treatment and distribution	991 711	-	991 711
Waste collection and treatment	-	1 231 954	1 231 954
Depreciation	222 125	392 150	614 275
<b>Total operating expenses</b>	<u>1 393 780</u>	<u>1 820 874</u>	<u>3 214 654</u>
<b>Operating income (loss)</b>	<u>363 296</u>	<u>(258 517)</u>	<u>104 779</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	392	(179)	213
Interest and other charges	(21 439)	(76 749)	(98 188)
Sale of fixed assets	18 750	18 750	37 500
<b>Total nonoperating revenue (expenses)</b>	<u>(2 297)</u>	<u>(58 178)</u>	<u>(60 475)</u>
<b>Income (loss) before contributions and transfers</b>	360 999	(316 695)	44 304
Capital contributions	30 477	73 292	103 769
Insurance recovery	-	6 356	6 356
Transfer to other funds	(207 500)	(207 500)	(415 000)
<b>Changes in net position</b>	183 976	(444 547)	(260 571)
Total net position, previously reported	2 808 507	9 984 291	12 792 798
Total net position, ending	<u>\$ 2 992 483</u>	<u>\$ 9 539 744</u>	<u>\$ 12 532 227</u>



**Town of Louisburg**  
**Schedule of Cash Flows**  
**Water and Sewer Fund by Function**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1 707 373	\$ 1 517 244	\$ 3 224 617
Cash paid for goods and services	(434 136)	(611 347)	(1 045 483)
Cash paid to or on behalf of employees for services	(645 177)	(787 789)	(1 432 966)
Customer deposits received (returned) net	(2 000)	(998)	(2 998)
Other operating revenues	4 857	17 964	22 821
Net cash provided (used) by operating activities	<u>630 917</u>	<u>135 074</u>	<u>765 991</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(207 500)	(207 500)	(415 000)
Total cash flows from noncapital financing activities	<u>(207 500)</u>	<u>(207 500)</u>	<u>(415 000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Lease proceeds	60 661	60 662	121 323
Acquisition and construction of capital assets	(134 483)	(229 471)	(363 954)
Principal paid on bond maturities and equipment contracts	(75 178)	(90 804)	(165 982)
Interest paid on bond maturities and equipment contracts	(21 439)	(76 749)	(98 188)
Insurance recovery	-	6 356	6 356
Sale of fixed assets	18 750	18 750	37 500
Capital contributions	30 477	73 292	103 769
Net cash provided (used) by capital and related financing activities	<u>(121 212)</u>	<u>(237 964)</u>	<u>(359 176)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	392	(179)	213
Net cash from investment activities	<u>392</u>	<u>(179)</u>	<u>213</u>
Net increase (decrease) in cash and cash equivalents	302 597	(310 569)	(7 972)
Balances, beginning of the year	961 012	491 051	1 452 063
Balances, end of the year	\$ <u>1 263 609</u>	\$ <u>180 482</u>	\$ <u>1 444 091</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 363 296	\$ (258 517)	\$ 104 779
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	222 125	392 150	614 275
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(44 855)	(27 140)	(71 995)
(Increase) decrease in inventory	7 685	-	7 685
(Increase) decrease in deferred outflows of resources – pensions	(13 473)	(25 895)	(39 368)
(Increase) decrease in deferred outflows of resources – OPEB	(16 676)	(20 381)	(37 057)
Increase (decrease) in net pension liability	44 892	58 309	103 201
Increase (decrease) in deferred inflows of resources – pension	(521)	(676)	(1 197)
Increase (decrease) in deferred inflows of resources – OPEB	(6 069)	(7 417)	(13 486)
Increase (decrease) in accounts payable and accrued liabilities	49 069	(10 344)	38 725
Increase (decrease) in customer deposits	(3 610)	612	(2 998)
Increase (decrease) in accrued OPEB liability	23 642	28 896	52 538
Increase (decrease) in accrued vacation pay	5 412	5 477	10 889
Total adjustments	<u>267 621</u>	<u>393 591</u>	<u>661 212</u>
Net cash provided by operating activities	\$ <u>630 917</u>	\$ <u>135 074</u>	\$ <u>765 991</u>

## Compliance Section

# *May & Place, PA*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 900  
LOUISBURG, NC 27549  
Bus: 919-496-3041  
Fax: 919-496-6342

SCOTT H. MAY, CPA  
DALE R. PLACE, CPA, CFE

## **Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Louisburg, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Louisburg's basic financial statements, and have issued our report thereon dated January 14, 2022. The financial statements of the Town of Louisburg Alcoholic Beverage Control Board, the discretely presented component unit, were not audited in accordance with *Governmental Auditing Standards*.

#### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Louisburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-1.

### Purpose of this Report

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

***May & Place, PA***

Louisburg, North Carolina

January 14, 2022

**TOWN OF LOUISBURG  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2021**

Finding: 2021-1 (Finding is also reported in the Stewardship, Compliance, and Accountability section in the notes section of this report)

Criteria:	Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds.
Condition:	Expenditures in the North Church Street Capital Project exceeded the authorized budget by \$76,362,
Effect:	Over-expenditure of the North Church Street Capital Project by \$76,362.
Cause:	The Town did not amend the budgets for increased expenditures.
Recommendation:	We recommend the management more closely review budget reports prior to year-end to implement budget amendments before year end.
Views of responsible officials and planned corrective actions.	See the following views of officials and planned corrective actions.

# Town of Louisburg



Office of the Finance Director

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**State of North  
Carolina**

Views of responsible officials and planned corrective actions:

Finding 2021-1

Management will ensure that expenditures related to capital outlay will be carefully reviewed and that sufficient budget amounts are appropriated and approved.