

**REVIEWED**

*By SLGFD at 11:48 am, Dec 03, 2021*

**TOWN OF PINEVILLE  
NORTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

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

**MARTIN  STARNES**  

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**& ASSOCIATES, CPAs, P.A.**

*"A Professional Association of Certified Public Accountants and Management Consultants"*



# TOWN OF PINEVILLE, NORTH CAROLINA

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pineville, 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 Pineville's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

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

### ***Change in Accounting Principle***

As discussed in the notes to the financial statements, for the fiscal year ended June 30, 2021, the Town of Pineville adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this manner.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Other Post-Employment Benefits Schedule of Changes in Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 Pineville's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and the supplemental ad valorem tax 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.



In our opinion, the combining and individual fund financial statements, budget and actual schedules, and the supplemental ad valorem tax 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 November 19, 2021 on our consideration of the Town of Pineville'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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Pineville's 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 the Town of Pineville's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 19, 2021

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## Management's Discussion and Analysis

As management of the Town of Pineville (the "Town"), we offer the readers of the Town of Pineville's financial statements this narrative overview and analysis of the financial activities of the Town of Pineville 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.

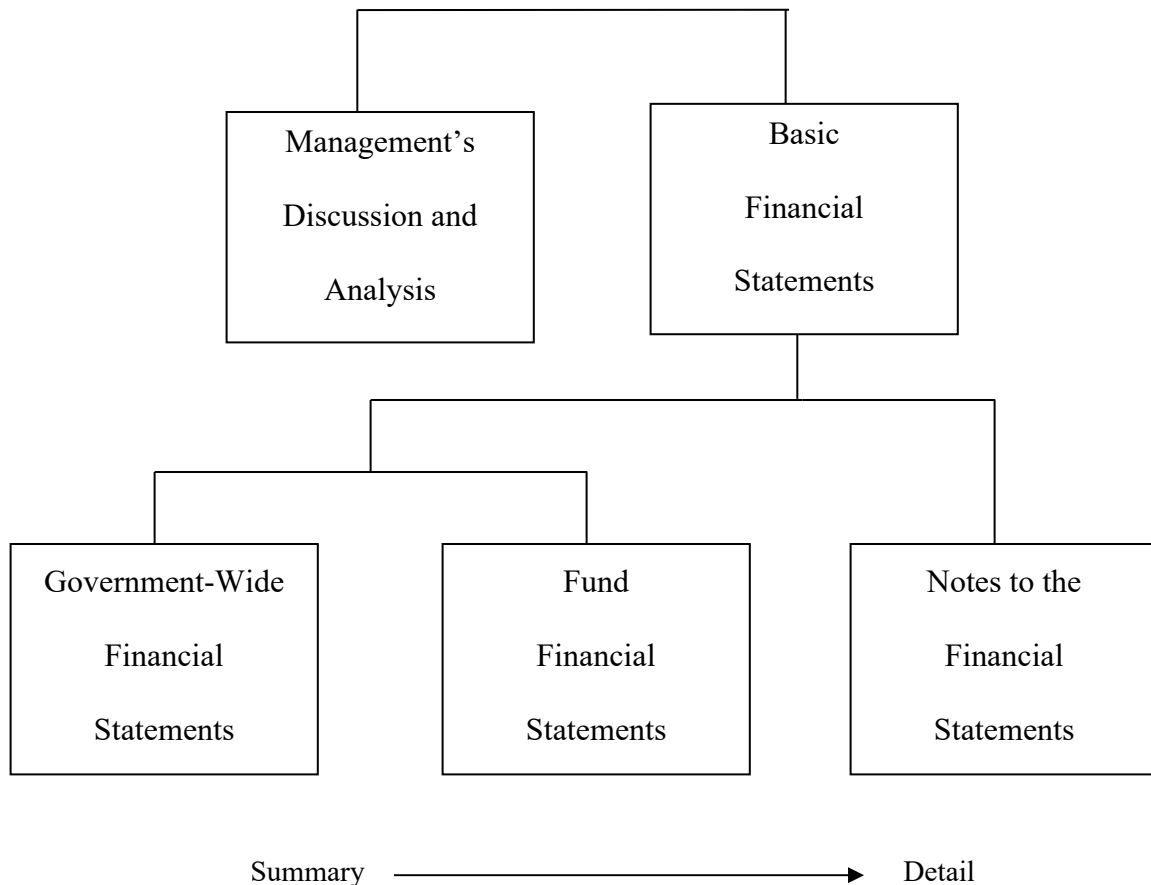
### Financial Highlights

- The assets and deferred outflows of resources of the Town exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$78,897,098 (*net position*).
- The government's total net position increased by \$8,258,530, primarily due to the increase in fund balance of the General Fund.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$41,272,656, an increase of \$18,257,153 from the prior year. Approximately 42.13% of this total amount, or \$17,386,158, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,690,912, or 95.14%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town's total debt increased by \$20,775,000 during the current fiscal year. The key factor in this increase was the issuance of debt proceeds of \$21,000,000 in governmental activities for the Town Hall/Library Building Capital Project Fund. Unspent debt at the end of the fiscal year was \$15,766,461. Increase to debt was offset by planned debt service principal payments of \$225,000.
- 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 custodial fund for Firemen's Relief Fund activity. The activity was not previously accounted for on the Town's books.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Pineville's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statement 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 Pineville.

**Required Components of Annual Financial Report**  
**Figure 1**



**Basic Financial Statements**

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

The next statements (Exhibits C through K) 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 four parts to the fund financial statements: 1) the governmental funds statement, 2) the budgetary comparison statement, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

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

Following the notes is the **Required Supplementary Information**. This section contains funding information about the Town's pension plans.

## 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-term 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 usually 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, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers for services provided. The Town of Pineville has two business-type activities: electric and telephone services. The final category is the component unit category, which is for activities that are legally separate from the Town. The Town of Pineville has no discretely presented component units and has one blended component unit, for which there is no financial transactions during the current fiscal year.

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

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

The Town of Pineville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted.

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

**Proprietary Funds.** The Town of Pineville has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Pineville uses enterprise funds to account for its electric operations and for its telephone services. 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.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has one fiduciary fund, which is a custodial fund.

### **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 directly follow the basic financial statements 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 Pineville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes to the financial statements.

### **Interdependence with Other Entities**

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

## Government-Wide Financial Analysis

### Town of Pineville's Net Position Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Assets:</b>						
Current and other assets	\$ 43,361,785	\$ 23,879,922	\$ 9,344,804	\$ 9,269,521	\$ 52,706,589	\$ 33,149,443
Capital assets	<u>36,294,881</u>	<u>29,999,725</u>	<u>20,878,719</u>	<u>18,031,558</u>	<u>57,173,600</u>	<u>48,031,283</u>
Total assets	<u>79,656,666</u>	<u>53,879,647</u>	<u>30,223,523</u>	<u>27,301,079</u>	<u>109,880,189</u>	<u>81,180,726</u>
 <b>Deferred Outflows of Resources</b>	 <u>2,447,874</u>	 <u>1,528,774</u>	 <u>275,332</u>	 <u>217,927</u>	 <u>2,723,206</u>	 <u>1,746,701</u>
 <b>Liabilities:</b>						
Long-term liabilities outstanding	27,806,749	7,850,378	907,765	1,119,353	28,714,514	8,969,731
Other liabilities	<u>2,061,370</u>	<u>950,449</u>	<u>1,382,805</u>	<u>1,359,033</u>	<u>3,444,175</u>	<u>2,309,482</u>
Total liabilities	<u>29,868,119</u>	<u>8,800,827</u>	<u>2,290,570</u>	<u>2,478,386</u>	<u>32,158,689</u>	<u>11,279,213</u>
 <b>Deferred Inflows of Resources</b>	 <u>1,299,106</u>	 <u>822,435</u>	 <u>248,502</u>	 <u>187,211</u>	 <u>1,547,608</u>	 <u>1,009,646</u>
 <b>Net Position:</b>						
Net investment in capital assets	31,061,342	29,774,725	20,878,719	18,031,558	51,940,061	47,806,283
Restricted:						
Stabilization by state statute	839,824	626,125	-	-	839,824	626,125
Transportation - Streets	384,690	384,632	-	-	384,690	384,632
Public safety	388,530	360,247	-	-	388,530	360,247
Unrestricted	<u>18,262,929</u>	<u>14,639,430</u>	<u>7,081,064</u>	<u>6,821,851</u>	<u>25,343,993</u>	<u>21,461,281</u>
Total net position	<u>\$ 50,937,315</u>	<u>\$ 45,785,159</u>	<u>\$ 27,959,783</u>	<u>\$ 24,853,409</u>	<u>\$ 78,897,098</u>	<u>\$ 70,638,568</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 exceeded liabilities and deferred inflows by \$78,897,098 as of June 30, 2021. The Town's net position increased by \$8,258,530 for the fiscal year ended June 30, 2021. However, the largest portion \$51,940,061 (66%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Pineville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Pineville's net position, \$1,613,044, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25,343,993 is unrestricted.

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

- Continued identification and planning for future capital improvement needs in an effort to schedule purchases in an organized and cost-efficient manner. This included a five-year CIP.
- Continued financial cost control throughout the year by department heads
- Modest increases in some revenue sources

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 927,828	\$ 1,102,546	\$ 13,518,131	\$ 13,691,324	\$ 14,445,959	\$ 14,793,870
Operating grants and contributions	1,807,992	1,889,188	-	-	1,807,992	1,889,188
Capital grants	94,683	136,265	-	-	94,683	136,265
General revenues:						
Property taxes	8,537,435	8,273,985	-	-	8,537,435	8,273,985
Local option taxes	2,646,684	1,964,982	-	-	2,646,684	1,964,982
Other taxes	1,469,543	1,425,202	-	-	1,469,543	1,425,202
NCMPA rebate	-	-	2,313,297	1,749,662	2,313,297	1,749,662
Investment earnings	11,106	268,819	5,614	105,820	16,720	374,639
Miscellaneous	92,367	157,993	-	-	92,367	157,993
Total revenues	<u>15,587,638</u>	<u>15,218,980</u>	<u>15,837,042</u>	<u>15,546,806</u>	<u>31,424,680</u>	<u>30,765,786</u>
<b>Expenses:</b>						
General government	1,839,109	1,817,144	-	-	1,839,109	1,817,144
Public safety	5,553,937	6,793,153	-	-	5,553,937	6,793,153
Transportation	1,198,378	1,127,732	-	-	1,198,378	1,127,732
Environmental protection	475,191	949,185	-	-	475,191	949,185
Cultural and recreation	1,268,368	1,693,823	-	-	1,268,368	1,693,823
Interest on long-term debt	141,776	14,854	-	-	141,776	14,854
ILEC telephone	-	-	682,669	1,058,340	682,669	1,058,340
CLEC telephone	-	-	1,247,381	1,790,368	1,247,381	1,790,368
Electric	-	-	10,759,341	10,951,667	10,759,341	10,951,667
Total expenses	<u>10,476,759</u>	<u>12,395,891</u>	<u>12,689,391</u>	<u>13,800,375</u>	<u>23,166,150</u>	<u>26,196,266</u>
Change in net position before transfers	5,110,879	2,823,089	3,147,651	1,746,431	8,258,530	4,569,520
Transfers	<u>41,277</u>	<u>46,428</u>	<u>(41,277)</u>	<u>(46,428)</u>	<u>-</u>	<u>-</u>
Change in net position	5,152,156	2,869,517	3,106,374	1,700,003	8,258,530	4,569,520
<b>Net Position:</b>						
Beginning of year - July 1	<u>45,785,159</u>	<u>42,915,642</u>	<u>24,853,409</u>	<u>23,153,406</u>	<u>70,638,568</u>	<u>66,069,048</u>
End of year - June 30	<u>\$ 50,937,315</u>	<u>\$ 45,785,159</u>	<u>\$ 27,959,783</u>	<u>\$ 24,853,409</u>	<u>\$ 78,897,098</u>	<u>\$ 70,638,568</u>

**Governmental Activities.** Governmental activities increased the Town's net position by \$5,152,156, thereby, accounting for 62.4% of the positive growth in the net position of the Town of Pineville. Key elements of this increase are as follows:

- Strong collection rates for real and personal property taxes and other local revenue sources
- Continued strengthening of internal financial processes and oversight
- Scheduled purchasing of capital items and improvements



**Business-Type Activities.** Business-type activities increased the Town of Pineville's net position by \$3,106,374 (37.6%). Key elements of this increase are as follows:

- More volatile weather, which increased the use of electricity throughout the year
- Lower wholesale costs for the purchase of electricity
- Continued uptake of fiber service by citizens of Pineville
- Focusing on internet sales, while restructuring our marketing and sales approaches to remain competitive in the telecommunications industry

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

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

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

The General Fund is the chief operating fund of the Town of Pineville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,690,912, while total fund balance reached \$20,040,688. Unassigned fund balance represents 95.14% of the total General Fund expenditures and transfers out, while total fund balance represents 121.54% of the same amount. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. The Town currently has an available fund balance of \$19,215,667 and 116.51% of General Fund expenditures as adjusted for transfers out. The governing body of the Town of Pineville has adopted a fund balance policy that states all revenues in excess of expenditures realized at the end of any given fiscal year will be credited to unassigned fund balance/net position until a minimum goal of 40% for general fund, 25% for electric fund, and 25% for the telephone funds are realized. The Town will adjust this minimum as appropriate based upon recommendation from the Local Government Commission and the current final outlook. As a result, remaining fund balance in the General Fund at June 30, 2021 was \$14,034,346.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$41,272,656 a 79.33% increase over last year. The largest part of this change is the increase in fund balance for the Town Hall/Library Building Capital Project Fund.

The Town Hall/Library Building Capital Project Fund is a major governmental fund at June 30, 2021. The Town is constructing and renovating a building for a new Town Hall and Library. Debt proceeds were issued during the current fiscal year for this project, but a majority of the project is yet to come. Unspent proceeds at the end of the fiscal year were \$15,766,461. The Town expects to contribute \$658,862 from fund balance.

**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. Revisions to the budget decreased revenues by \$1,195,000. The largest decrease was in sales and services.

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the telephone funds (combined ILEC and CLEC) at the end of the fiscal year amounted to \$1,528,644, and that for the Electric Fund amounted to \$5,552,420. The changes in net position for the telephone funds and Electric Fund, respectively, were increases of \$23,021 and \$3,083,353. Factors concerning the finances of these funds have already been addressed in the discussion of the Town of Pineville's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$57,173,600 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, infrastructure, and vehicles.

Major capital asset transactions during the year include the following:

- Carolina Place Mall electric infrastructure improvements
- Substation improvements - Polk
- Infrastructure for residential and commercial developments
- Replacement of aging equipment and vehicles

**Town of Pineville's Capital Assets**  
**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 and construction in progress	\$ 12,545,458	\$ 7,784,064	\$ 8,046,143	\$ 5,523,022	\$ 20,591,601	\$ 13,307,086
Buildings and system Improvements	11,502,355	11,814,987	601,828	633,061	12,104,183	12,448,048
other than buildings	3,879,696	3,232,877	-	-	3,879,696	3,232,877
Substations, lines, and related equipment	-	-	12,204,638	11,837,662	12,204,638	11,837,662
Machinery and equipment	935,817	952,803	-	-	935,817	952,803
Infrastructure	5,132,170	5,428,852	-	-	5,132,170	5,428,852
Vehicles and motorized equipment	2,299,385	786,142	26,110	37,813	2,325,495	823,955
Total	<u>\$ 36,294,881</u>	<u>\$ 29,999,725</u>	<u>\$ 20,878,719</u>	<u>\$ 18,031,558</u>	<u>\$ 57,173,600</u>	<u>\$ 48,031,283</u>

Additional information on the Town's capital assets can be found in Note 2 of the notes to the financial statements.

**Long-Term Debt.** As of June 30, 2021, the Town had no bonded debt outstanding. None of the Town's debt is secured solely by specified revenue sources (i.e., revenue bonds). The Town had installment obligations debt outstanding of \$21,000,000, which is secured with assets constructed with these funds. The Town had no business-type activities debt outstanding at the end of the fiscal year.

**Town of Pineville'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 purchases - direct placement	\$ 21,000,000	\$ 225,000	\$ -	\$ -	\$ 21,000,000	\$ 225,000

The Town of Pineville's total debt increased by \$20,775,000 during the current fiscal year.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Pineville is approximately \$187,045,000. The Town has no bonds authorized, but unissued, at June 30, 2021.

Additional information regarding the Town's long-term debt can be found in Note 2 of this report.

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

The following key economic indicators reflect the growth of the Town:

- **Major Retail Center.** The Town of Pineville is a major retail hub with over six million square feet of retail space in its town limits, which equates to about 70% for the town's real estate tax base. With COVID-19 the Town planned for a decrease in tax revenues, but this was not the case except for lodging taxes. Over the past year the Town realized an increase in sales tax revenue and prepared food tax than anticipated. With the increase in prepared food taxes and sales taxes this was offset, and the town actually got an increase over the previous year. This is not sustainable, and we expect these increases year over year to come back down in the next one to two years.
- **Residential Growth.** The Town of Pineville is still seeing interest in new housing and commercial developments. As the population grows in the County people are seeing Pineville as a desirable place to live. This interest has been able to combat the concern of our revenue stream over the long run. As we become more diversified in available real estate the volatility of retail revenue swings in conjunction with economic swings will be less. For example, a large project that will offer diversity in our commercial sector in the upcoming years is a 3.5 million square foot industrial park that should begin to be constructed with a five-year buildout plan. A one million square foot Amazon Distribution Center has opened and is operational with more pad ready sites being.

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

The Town of Pineville's 2022 budget is \$31,233,526 for the General Fund, Special Revenue Fund, and the two enterprise funds: electric and telephone. The fiscal year 2022 budget was prepared with a comprehensive review of each department's expenditures and with consideration given to increases in CIP funding for several major projects that have begun, or due to monies are beginning to be set aside for their start. The town is still making these significant expenditures to realize projects identified in the Councils five-year strategic plan.

The fiscal year 2022 budget includes funding for neighborhood stormwater improvements, construction of a new town hall and joint library, investments in town mobility improvements, investments in electric distribution, and continued investment in fiber installation.

The electric utility department will be undertaking some large transmission type projects for a large Business Park project that will be getting started in FY 2022. While there will be an increase in planned expenditures one of the large buildings will come online. This will increase revenue in both the General Fund and Electric Fund.

The other major project is a joint effort by the town and Mecklenburg County Library System for a Town Hall and Library building. The project will be complete in early FY 2023 and payment on both the principal and interest of the debt will need to begin to be paid. While the library system is obligated to begin to pay for their prorated portion of the building and maintenance they will not move in until FY 2023.

COVID-19 reduced our budgeted revenues last fiscal year; however, actual revenues outpaced what was forecasted in several revenue items. Staff perceives these increases to remain for fiscal year 2022.

### **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 Director of Finance, Town of Pineville, P.O. Box 249, Pineville, North Carolina 28134 or through email at [rdixon@pinevillenc.gov](mailto:rdixon@pinevillenc.gov).

## TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 26,165,429	\$ 6,644,230	\$ 32,809,659
Taxes receivable, net	105,046	-	105,046
Accounts receivable, net	21,508	1,848,602	1,870,110
Due from other governments	911,998	-	911,998
Prepays	6,653	18,979	25,632
Inventories	-	578,100	578,100
Restricted assets:			
Cash and cash equivalents, restricted	16,151,151	254,893	16,406,044
Total current assets	43,361,785	9,344,804	52,706,589
Non-current assets:			
Capital assets:			
Land and other non-depreciable capital assets	12,545,458	8,046,143	20,591,601
Depreciable capital assets, net	23,749,423	12,832,576	36,581,999
Total capital assets	36,294,881	20,878,719	57,173,600
Total non-current assets	36,294,881	20,878,719	57,173,600
Total assets	79,656,666	30,223,523	109,880,189
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	1,784,553	182,672	1,967,225
OPEB deferrals	663,321	92,660	755,981
Total deferred outflows of resources	2,447,874	275,332	2,723,206
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	2,029,900	1,000,854	3,030,754
Unearned revenue - advanced billing	-	121,296	121,296
Current portion of compensated absences	31,470	5,762	37,232
Payable from restricted assets	-	254,893	254,893
Total current liabilities	2,061,370	1,382,805	3,444,175
Long-term liabilities:			
Net pension liability - LGERS	2,219,906	297,573	2,517,479
Total pension liability - LEOSSA	1,926,028	-	1,926,028
Total OPEB liability	2,377,588	558,335	2,935,923
Due in more than one year	21,283,227	51,857	21,335,084
Total long-term liabilities	27,806,749	907,765	28,714,514
Total liabilities	29,868,119	2,290,570	32,158,689
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	91,416	72,633	164,049
OPEB deferrals	1,207,690	175,869	1,383,559
Total deferred inflows of resources	1,299,106	248,502	1,547,608
<b>Net Position:</b>			
Net investment in capital assets	31,061,342	20,878,719	51,940,061
Restricted for:			
Stabilization by state statute	839,824	-	839,824
Transportation - streets	384,690	-	384,690
Public safety	388,530	-	388,530
Unrestricted	18,262,929	7,081,064	25,343,993
Total net position	\$ 50,937,315	\$ 27,959,783	\$ 78,897,098

The accompanying notes are an integral part of the financial statements.

TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 1,839,109	\$ 699,855	\$ 337,809	\$ 40,925
Public safety	5,553,937	158,837	503,660	-
Transportation	1,198,378	-	203,629	-
Environmental protection	475,191	-	435,653	-
Cultural and recreation	1,268,368	69,136	327,241	53,758
Interest on long-term debt	141,776	-	-	-
Total governmental activities	<u>10,476,759</u>	<u>927,828</u>	<u>1,807,992</u>	<u>94,683</u>
<b>Business-Type Activities:</b>				
Electric	10,759,341	11,558,536	-	-
Incumbent LEC telephone	682,669	1,098,646	-	-
Competing LEC telephone	<u>1,247,381</u>	<u>860,949</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>12,689,391</u>	<u>13,518,131</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 23,166,150</u>	<u>\$ 14,445,959</u>	<u>\$ 1,807,992</u>	<u>\$ 94,683</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF PINEVILLE, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (760,520)	\$ -	\$ (760,520)
Public safety	(4,891,440)	-	(4,891,440)
Transportation	(994,749)	-	(994,749)
Environmental protection	(39,538)	-	(39,538)
Cultural and recreation	(818,233)	-	(818,233)
Interest on long-term debt	(141,776)	-	(141,776)
Total governmental activities	<u>(7,646,256)</u>	<u>-</u>	<u>(7,646,256)</u>
<b>Business-Type Activities:</b>			
Electric	-	799,195	799,195
Incumbent LEC telephone	-	415,977	415,977
Competing LEC telephone	-	(386,432)	(386,432)
Total business-type activities	<u>-</u>	<u>828,740</u>	<u>828,740</u>
Total primary government	<u>(7,646,256)</u>	<u>828,740</u>	<u>(6,817,516)</u>
<b>General Revenues:</b>			
Ad valorem taxes	8,537,435	-	8,537,435
Local option taxes	2,646,684	-	2,646,684
Utility franchise tax	1,061,255	-	1,061,255
Other taxes	408,288	-	408,288
NCMPA rebate	-	2,313,297	2,313,297
Investment earnings	11,106	5,614	16,720
Miscellaneous	92,367	-	92,367
Total general revenues, not including transfers	<u>12,757,135</u>	<u>2,318,911</u>	<u>15,076,046</u>
Transfers	41,277	(41,277)	-
Total general revenues and transfers	<u>12,798,412</u>	<u>2,277,634</u>	<u>15,076,046</u>
Change in net position	5,152,156	3,106,374	8,258,530
<b>Net Position:</b>			
Beginning of year - July 1	<u>45,785,159</u>	<u>24,853,409</u>	<u>70,638,568</u>
End of year - June 30	<u>\$ 50,937,315</u>	<u>\$ 27,959,783</u>	<u>\$ 78,897,098</u>

*The accompanying notes are an integral part of the financial statements.*

## TOWN OF PINEVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	Major Funds		Nonmajor Funds	
	General Fund	Town Hall/ Library Building Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 20,721,378	\$ 247,640	\$ 5,196,411	\$ 26,165,429
Taxes receivable, net	105,046	-	-	105,046
Accounts receivable, net	8,645	-	12,863	21,508
Prepays	6,653	-	-	6,653
Due from other governments	813,723	-	98,275	911,998
Restricted cash and cash equivalents	384,690	15,766,461	-	16,151,151
Total assets	<u>\$ 22,040,135</u>	<u>\$ 16,014,101</u>	<u>\$ 5,307,549</u>	<u>\$ 43,361,785</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,890,401	\$ -	\$ -	\$ 1,890,401
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	-	-	93,682	93,682
Property taxes receivable	105,046	-	-	105,046
Total deferred inflows of resources	<u>105,046</u>	<u>-</u>	<u>93,682</u>	<u>198,728</u>
<b>Fund Balances:</b>				
Non-spendable, not in spendable form: prepaids	6,653	-	-	6,653
Restricted for stabilization by state statute	822,368	-	17,456	839,824
Restricted for streets - Powell Bill	384,690	-	-	384,690
Restricted, all other	-	15,766,461	388,530	16,154,991
Committed	2,820,065	247,640	4,807,881	7,875,586
Assigned for subsequent year's expenditures	320,000	-	-	320,000
Unassigned	15,690,912	-	-	15,690,912
Total fund balances	<u>20,044,688</u>	<u>16,014,101</u>	<u>5,213,867</u>	<u>41,272,656</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,040,135</u>	<u>\$ 16,014,101</u>	<u>\$ 5,307,549</u>	
<b>Amounts Reported for Governmental Activities in the Statement of Net Position (Exhibit A) are Different Because:</b>				
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				36,294,881
Deferred outflows of resources related to pensions are not reported in the funds.				1,784,553
Deferred outflows of resources related to OPEB are not reported in the funds.				663,321
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds:				
Long-term debt			(21,314,697)	
Net pension liability			(2,219,906)	
Total pension liability			(1,926,028)	
Total OPEB liability			(2,377,588)	
Accrued interest			(139,499)	(27,977,718)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be received within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.				198,728
Deferred inflows of resources related to pensions are not reported in the funds.				(91,416)
Deferred inflows of resources related to OPEB are not reported in the funds.				(1,207,690)
Net position of governmental activities per Exhibit A				<u>\$ 50,937,315</u>

The accompanying notes are an integral part of the financial statements.



## TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds		Nonmajor Funds	
	General Fund	Town Hall/ Library Building Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 8,550,770	\$ -	\$ -	\$ 8,550,770
Other taxes and licenses	215,474	-	-	215,474
Unrestricted intergovernmental	3,900,753	-	-	3,900,753
Restricted intergovernmental	2,324,270	-	154,493	2,478,763
Sales and service	302,531	-	-	302,531
Investment earnings	10,378	698	30	11,106
Miscellaneous	100,651	-	-	100,651
Total revenues	<u>15,404,827</u>	<u>698</u>	<u>154,523</u>	<u>15,560,048</u>
<b>Expenditures:</b>				
Current:				
General government	2,475,408	5,233,539	40,925	7,749,872
Public safety	6,175,772	-	116,406	6,292,178
Transportation	1,613,564	-	-	1,613,564
Environmental protection	1,142,675	-	-	1,142,675
Cultural and recreation	1,317,733	-	-	1,317,733
Debt service:				
Principal retirement	225,000	-	-	225,000
Interest and other charges	3,150	-	-	3,150
Total expenditures	<u>12,953,302</u>	<u>5,233,539</u>	<u>157,331</u>	<u>18,344,172</u>
Revenues over (under) expenditures	<u>2,451,525</u>	<u>(5,232,841)</u>	<u>(2,808)</u>	<u>(2,784,124)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(3,539,017)	-	-	(3,539,017)
Transfers from other funds	-	246,942	3,292,075	3,539,017
Transfers from other funds - payment in lieu of taxes	41,277	-	-	41,277
Debt proceeds	-	21,000,000	-	21,000,000
Total other financing sources (uses)	<u>(3,497,740)</u>	<u>21,246,942</u>	<u>3,292,075</u>	<u>21,041,277</u>
Net change in fund balances	(1,046,215)	16,014,101	3,289,267	18,257,153
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>21,090,903</u>	<u>-</u>	<u>1,924,600</u>	<u>23,015,503</u>
End of year - June 30	<u>\$ 20,044,688</u>	<u>\$ 16,014,101</u>	<u>\$ 5,213,867</u>	<u>\$ 41,272,656</u>

The accompanying notes are an integral part of the financial statements.

# TOWN OF PINEVILLE, NORTH CAROLINA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 18,257,153
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Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 60 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes

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 revenues.	27,590
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Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.

Compensated absences	(1,743)	
Pension expense - LGERS	(262,913)	
Pension expense - LEOSSA	(134,433)	
Other post-employment benefits	<u>1,884,972</u>	1,485,883

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	7,794,078
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Accrued interest that does not require current financial resources and are not reported as expenditures in the governmental funds statement.	(138,626)
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Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,498,922)
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Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	225,000
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Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	<u>(21,000,000)</u>
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Change in net position of governmental activities per Exhibit B	<u>\$ 5,152,156</u>
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*The accompanying notes are an integral part of the financial statements.*

## TOWN OF PINEVILLE, NORTH CAROLINA

## MAJOR GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
<b>Revenues:</b>				
Ad valorem taxes	\$ 8,125,000	\$ 8,125,000	\$ 8,550,770	\$ 425,770
Other taxes and licenses	-	-	215,474	215,474
Unrestricted intergovernmental	2,175,000	2,988,000	3,900,753	912,753
Restricted intergovernmental	1,674,330	1,782,730	2,324,270	541,540
Sales and services	2,300,000	100,000	302,531	202,531
Investment earnings	300,000	300,000	10,378	(289,622)
Miscellaneous	1,968,044	2,051,644	100,651	(1,950,993)
Total revenues	<u>16,542,374</u>	<u>15,347,374</u>	<u>15,404,827</u>	<u>57,453</u>
<b>Expenditures:</b>				
Current:				
General government	6,775,388	4,865,698	2,475,408	2,390,290
Public safety	6,967,302	7,567,302	6,175,772	1,391,530
Transportation	1,760,646	1,760,646	1,613,564	147,082
Environmental protection	1,045,000	1,208,000	1,142,675	65,325
Cultural and recreation	1,769,038	1,769,038	1,317,733	451,305
Debt service:				
Principal retirement	225,000	225,000	225,000	-
Interest and other charges	3,150	3,150	3,150	-
Contingency	100,000	51,690	-	51,690
Total expenditures	<u>18,645,524</u>	<u>17,450,524</u>	<u>12,953,302</u>	<u>4,497,222</u>
Revenues over (under) expenditures	<u>(2,103,150)</u>	<u>(2,103,150)</u>	<u>2,451,525</u>	<u>4,554,675</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	-	(3,539,017)	(3,539,017)	-
Transfers from other funds	1,000,000	1,000,000	-	(1,000,000)
Transfers from other funds - payment in lieu of taxes	40,000	40,000	41,277	1,277
Appropriated fund balance	1,063,150	4,602,167	-	(4,602,167)
Total other financing sources (uses)	<u>2,103,150</u>	<u>2,103,150</u>	<u>(3,497,740)</u>	<u>(5,600,890)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,046,215)</u>	<u>\$ (1,046,215)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>21,090,903</u>	
End of year - June 30			<u>\$ 20,044,688</u>	

The accompanying notes are an integral part of the financial statements.

## TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Major Funds			
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	Total
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 4,685,791	\$ 1,958,439	\$ -	\$ 6,644,230
Accounts receivable, net	1,665,072	99,084	84,446	1,848,602
Prepays	8,870	5,526	4,583	18,979
Due from other funds	-	1,163,614	-	1,163,614
Inventories	435,180	-	142,920	578,100
Cash and cash equivalents, restricted	254,550	158	185	254,893
Total current assets	7,049,463	3,226,821	232,134	10,508,418
Non-current assets:				
Capital assets:				
Land	3,663,392	47,777	-	3,711,169
Construction in progress	3,973,192	249,825	111,957	4,334,974
Depreciable capital assets, net	8,766,448	2,459,002	1,607,126	12,832,576
Capital assets, net	16,403,032	2,756,604	1,719,083	20,878,719
Total non-current assets	16,403,032	2,756,604	1,719,083	20,878,719
Total assets	23,452,495	5,983,425	1,951,217	31,387,137
<b>Deferred Outflows of Resources:</b>				
Contributions to pension plan in current fiscal year				
Pension deferrals	35,152	147,520	-	182,672
OPEB deferrals	7,687	84,973	-	92,660
Total deferred outflows of resources	42,839	232,493	-	275,332
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued expenses	1,000,854	-	-	1,000,854
Due to other funds	-	-	1,163,614	1,163,614
Unearned revenue - advanced billing	-	42,069	79,227	121,296
Compensated absences, current	2,034	3,728	-	5,762
Liabilities payable from restricted assets:				
Customer deposits	254,550	158	185	254,893
Total current liabilities	1,257,438	45,955	1,243,026	2,546,419
Non-current liabilities:				
Net pension liability	23,557	274,016	-	297,573
OPEB liability	140,958	417,377	-	558,335
Compensated absences	18,302	33,555	-	51,857
Total non-current liabilities	182,817	724,948	-	907,765
Total liabilities	1,440,255	770,903	1,243,026	3,454,184
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	40,333	32,300	-	72,633
OPEB deferrals	59,294	116,575	-	175,869
Total deferred inflows of resources	99,627	148,875	-	248,502
<b>Net Position:</b>				
Net investment in capital assets	16,403,032	2,756,604	1,719,083	20,878,719
Unrestricted	5,552,420	2,539,536	(1,010,892)	7,081,064
Total net position	\$ 21,955,452	\$ 5,296,140	\$ 708,191	\$ 27,959,783

The accompanying notes are an integral part of the financial statements.

## TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 11,384,233	\$ 1,098,646	\$ 860,949	\$ 13,343,828
Other operating revenues	174,303	-	-	174,303
Total operating revenues	<u>11,558,536</u>	<u>1,098,646</u>	<u>860,949</u>	<u>13,518,131</u>
<b>Operating Expenses:</b>				
Administration	405,364	2,863	134,028	542,255
General operations	1,110,590	515,114	685,067	2,310,771
Electric power purchases	8,652,729	-	-	8,652,729
Telephone access and service charges	-	29,058	117,168	146,226
Depreciation	<u>590,658</u>	<u>135,634</u>	<u>311,118</u>	<u>1,037,410</u>
Total operating expenses	<u>10,759,341</u>	<u>682,669</u>	<u>1,247,381</u>	<u>12,689,391</u>
Operating income (loss)	<u>799,195</u>	<u>415,977</u>	<u>(386,432)</u>	<u>828,740</u>
<b>Non-Operating Revenues (Expenses):</b>				
Investment earnings	1,713	1,771	2,130	5,614
NCMPA rebate	<u>2,313,297</u>	<u>-</u>	<u>-</u>	<u>2,313,297</u>
Total non-operating revenues (expenses)	<u>2,315,010</u>	<u>1,771</u>	<u>2,130</u>	<u>2,318,911</u>
Income (loss) before transfers	<u>3,114,205</u>	<u>417,748</u>	<u>(384,302)</u>	<u>3,147,651</u>
Transfers out	-	(242,873)	-	(242,873)
Transfer to General Fund - payment in lieu of taxes	(30,852)	(4,783)	(5,642)	(41,277)
Transfers in	<u>-</u>	<u>-</u>	<u>242,873</u>	<u>242,873</u>
Total transfers	<u>(30,852)</u>	<u>(247,656)</u>	<u>237,231</u>	<u>(41,277)</u>
Change in net position	3,083,353	170,092	(147,071)	3,106,374
<b>Net Position:</b>				
Beginning of year - July 1	<u>18,872,099</u>	<u>5,126,048</u>	<u>855,262</u>	<u>24,853,409</u>
End of year - June 30	<u>\$ 21,955,452</u>	<u>\$ 5,296,140</u>	<u>\$ 708,191</u>	<u>\$ 27,959,783</u>

The accompanying notes are an integral part of the financial statements.

## TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	Total
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 11,612,634	\$ 1,105,647	\$ 860,424	\$ 13,578,705
Cash paid for goods and services	(9,910,873)	(11,905)	(974,347)	(10,897,125)
Cash paid to or on behalf of employees for services	(242,133)	(737,432)	-	(979,565)
Net cash provided (used) by operating activities	<u>1,459,628</u>	<u>356,310</u>	<u>(113,923)</u>	<u>1,702,015</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Due to (from) other funds	-	(48,328)	48,328	-
NCMPA Rebate	2,313,297	-	-	2,313,297
Transfers to other funds	(30,852)	(247,656)	(5,642)	(284,150)
Transfers from other funds	-	-	242,873	242,873
Net cash provided (used) by non-capital financing activities	<u>2,282,445</u>	<u>(295,984)</u>	<u>285,559</u>	<u>2,272,020</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	<u>(3,067,437)</u>	<u>(643,128)</u>	<u>(174,006)</u>	<u>(3,884,571)</u>
<b>Cash Flows from Investing Activities:</b>				
Investment earnings	<u>1,713</u>	<u>1,771</u>	<u>2,130</u>	<u>5,614</u>
Net increase (decrease) in cash and cash equivalents	676,349	(581,031)	(240)	95,078
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	<u>4,263,992</u>	<u>2,539,628</u>	<u>425</u>	<u>6,804,045</u>
End of year - June 30	<u>\$ 4,940,341</u>	<u>\$ 1,958,597</u>	<u>\$ 185</u>	<u>\$ 6,899,123</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 799,195	\$ 415,977	\$ (386,432)	\$ 828,740
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	590,658	135,634	311,118	1,037,410
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in accounts receivable	42,223	7,675	15,798	65,696
(Increase) decrease in prepaids	-	(2,200)	3,252	1,052
(Increase) decrease in inventory	26,549	-	(57,419)	(30,870)
(Increase) decrease in deferred outflows of resources for pensions	(1,578)	(15,784)	-	(17,362)
(Increase) decrease in deferred outflows of resources for OPEB	(3,641)	(36,402)	-	(40,043)
Increase (decrease) in deferred inflows of resources for pensions	520	5,196	-	5,716
Increase (decrease) in deferred inflows of resources for OPEB	5,051	50,524	-	55,575
Increase (decrease) in pension liability	4,013	40,129	-	44,142
Increase (decrease) in OPEB liability	(23,009)	(230,091)	-	(253,100)
Increase (decrease) in accounts payable and accrued liabilities	7,772	(14,076)	-	(6,304)
Increase (decrease) in customer deposits	<u>11,875</u>	<u>(272)</u>	<u>(240)</u>	<u>11,363</u>
Net cash provided (used) by operating activities	<u>\$ 1,459,628</u>	<u>\$ 356,310</u>	<u>\$ (113,923)</u>	<u>\$ 1,702,015</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF PINEVILLE, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2021**

**Custodial  
Fund- Fireman's  
Relief Fund**

**Assets:**

Cash and cash equivalents

\$ 172,741

**Net Position:**

Restricted for:

Individuals, organizations, and other governments

\$ 172,741

## TOWN OF PINEVILLE, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

**Custodial  
 Fund- Fireman's  
 Relief Fund**

**Additions:**

Investment earnings	\$ 33
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Net increase (decrease) in fiduciary net position	33
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**Net Position:**

Beginning of year - July 1	-
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Prior period restatement - change in accounting principle	172,708
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Beginning of year- July 1, as restated	172,708
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End of year - June 30	\$ 172,741
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# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 1. Summary of Significant Accounting Policies

The accounting policies of the Town of Pineville, North Carolina, 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 Pineville (the "Town") is a municipal corporation that is governed by an elected Mayor and a four-member Town 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.

#### Blended Component Unit

The Town has one blended component unit, Pineville Redevelopment and Investment, Inc, which was created during fiscal year 2019. Pineville Redevelopment and Investment, Inc. was formed for the purpose of the redevelopment for the Cone Mill property. The Cone Mill property deed has been transferred from the Town to the component unit. The Town maintains sole control over the operations of Pineville Redevelopment and Investment, Inc. and activities are included in the financial statements of the Town as a blended component unit.

#### B. Basis of Presentation

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a specific 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 specific 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, including its Fiduciary Fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

The Town reports the following major governmental funds:

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

**Town Hall/Library Building Capital Project Fund.** This fund is used to account for the construction of a new town hall and library building.

The Town reports the following nonmajor governmental funds:

**Emergency Telephone System Special Revenue Fund.** This fund is used to account for 911 revenues received by the State 911 Board to enhance the state's 911 system.

**Johnston Road Realignment Capital Project Fund.** This fund is used to account for capital related activities for road construction and improvements.

**Dog Park/Splash Pad Capital Project Fund.** This fund is used to account for the construction of a new Town dog park and splash pad.

**Lynwood/Lakeview Road Improvements Capital Project Fund.** This fund is used to account for road construction and improvements on Lynnwood Lane and Lakeview Drive.

**Fire Building Construction Capital Project Fund.** This fund is used to account for the purchase of land and construction of a new fire building.

The Town reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the Town's Electric Fund operations.

**ILEC Telephone Fund.** This fund is used to account for the Town's Incumbent Local Exchange Carrier Telephone Fund operations.

**CLEC Telephone Fund.** This fund is used to account for the Town's Competing Local Exchange Carrier Telephone Fund operations.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Town reports the following fund types:

**Custodial Funds.** Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. Custodial funds are used to account for assets the Town holds on behalf of others that meet certain criteria. The Town maintains the following Custodial Fund: the Firemen's Relief Fund, which is used to financially assist firefighters per the requirements approved under N.C. General Statute 58-84-35.

### 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, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

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

### **D. Budgetary Data**

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund Special Revenue Fund, Electric Rate Stabilization Fund, and enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all the capital project funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the annually budgeted funds of the General Fund and Special Revenue Fund, expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds of the enterprise funds and may not legally exceed appropriations at the object level for all multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### **Deposits and Investments**

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

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

State law [G. S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured 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.

### Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

### Restricted Assets

The unexpended debt proceeds of the Town Hall/Library Building Capital Project Fund issued by the Town are classified as restricted assets because its use is completely restricted to the purpose for which the debt was originally issued. 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 they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

#### Governmental Activities:

##### General Fund:

Streets - Powell Bill	\$ 384,690
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##### Town Hall/Library Bldg CP Fund:

Unspent debt proceeds	<u>15,766,461</u>
	<u>16,151,151</u>

#### Business-Type Activities:

##### Electric Fund

Customer deposits	254,550
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##### ILEC Telephone Fund

Customer deposits	158
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##### CLEC Telephone Fund

Customer deposits	<u>185</u>
	<u>254,893</u>

Total restricted cash	<u><u>\$ 16,406,044</u></u>
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# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **Ad Valorem Taxes Receivable**

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020.

### **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.

### **Inventory and Prepaid Items**

The inventories of the Town's enterprise funds are valued at cost (first-in, first-out, and average), which approximates market. The inventories consist of materials and supplies, held for consumption, and are 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 the government-wide and fund financial statements and expensed as the items are used.

### **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 for the governmental funds and Electric Fund: land, buildings improvements, substations, lines, and other plant and distribution systems, \$10,000; infrastructure, \$20,000; furniture, and equipment and vehicles, \$5,000. Some items in the Telephone Fund have a minimum capitalization cost of \$2,000 due to FCC Rules. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network 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 assets, or materially extend assets lives, are not capitalized.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

<u>Asset</u>	<u>Years</u>
Infrastructure	25-50
Buildings	50
Improvements	10-25
Vehicles	6-10
Furniture and equipment	3-10
Computer equipment	3-7

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 criteria: pension and other post-employment benefit deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criteria for this category – pension deferrals and other post-employment benefit deferrals.

### Long-Term Obligations

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

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

### Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave, with such leave being fully vested when earned. Any excess amounts of vacation leave roll to sick leave time. For the Town's government-wide and proprietary funds, an expense and a

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

### **Net Position/Fund 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:

#### **Non-Spendable 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.

*Prepays* – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, 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 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



# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

“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 non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

*Restricted for General Government* – portion of fund balance restricted by revenue source for general government related activities to build the Town Hall and Library buildings.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as E-911.

<u>Purpose</u>	<u>General Fund</u>	<u>Town Hall/ Library Building Capital Project Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total</u>
<b>Restricted:</b>				
Stabilization by state statute	\$ 822,368	\$ -	\$ 17,456	\$ 839,824
Transportation - Streets	384,690	-	-	384,690
General government	-	15,766,461	-	15,766,461
Public safety	-	-	388,530	388,530
Total	<u>\$ 1,207,058</u>	<u>\$ 15,766,461</u>	<u>\$ 405,986</u>	<u>\$ 17,379,505</u>

Restricted net position on Exhibit A differs from restricted fund balances on Exhibit C by the unspent debt proceeds of \$15,766,461.

### Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the government that can, by majority vote by quorum, commit fund balance. Once voted, the commitment is in place until a similar action is taken. Any changes or removal of specific purpose commitments requires a majority vote by quorum by the Town Council.

*Committed for Environmental Protection* – portion of fund balance committed for a specific purpose by Town from stormwater fees collected by Mecklenburg County.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Committed for General Government* – portion of fund balances committed for general government purposes. The Town has projects going for the construction and improvements of roads and buildings within Town limits.

*Committed for Public Safety* – portion of fund balance committed for public safety related activities. The Town is currently building a new fire station building.

*Committed for Cultural and Recreational* – portion of fund balances committed for culture and recreation purposes. The Town was building a dog park and splash pad. Within the General Fund, the Town has set aside funds for visitor and tourism promotions.

*Committed for Transportation* – portion of fund balance committed by the Town for road improvements.

Purpose	General Fund	Town Hall/ Library Building Capital Project Fund	Nonmajor Other Governmental Funds	Total
<b>Committed for:</b>				
Environmental protection	\$ 1,790,203	\$ -	\$ -	\$ 1,790,203
General government	-	247,640	1,497,048	1,744,688
Public safety	-	-	1,000,000	1,000,000
Cultural and recreational	1,029,862	-	18,758	1,048,620
Transportation	-	-	2,292,075	2,292,075
Total	<u>\$ 2,820,065</u>	<u>\$ 247,640</u>	<u>\$ 4,807,881</u>	<u>\$ 7,875,586</u>

### Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the Town intends to use for specific purposes budgeted by the governing body.

*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 Town Council approves the appropriation; however, the budget ordinance authorizes the Budget Officer and Finance Director to modify the appropriations by resource or appropriation within funds up to \$100,000.

### Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. Only the General Fund may report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-Town funds, and 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 Director has the authority to deviate from this policy if it is in the best interest of the Town or when required by grant or other contractual agreements.

The Town adopted a minimum fund balance policy on July 8, 2014 to protect the future of the Town's reserve funds, made up of the General Fund and the two enterprise funds. The policy states that the Town will maintain fund balance and net position in reserves as follows: at least 40% of General Fund expenditures of the current year and at least 25% in both the telephone and electric funds of expenditures in the current year. The Town is hopeful that doing this will ensure enough funds were available for emergencies or special projects and prevent future boards from weakening the financial stability of the Town. No board can take action to reduce the reserves without first voting to void this policy.

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

Total fund balance - General Fund	\$ 20,044,688
<b>Less:</b>	
Prepays	6,653
Stabilization by state statute	822,368
Available fund balance	19,215,667
Less: Town's fund balance policy	5,181,321
Total remaining fund balance	<u>\$ 14,034,346</u>

### F. Defined Benefit Cost-Sharing Plans

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

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **G. Revenues, Expenditures, and Expenses**

#### **Use of Estimates**

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

### **2. Detail Notes On All Funds**

#### **A. Assets**

##### **Deposits**

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

At June 30, 2021, the Town's deposits had a carrying amount of \$20,865,430 and a bank balance of \$21,265,228. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$20,765,228 was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash totaled \$3,133.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Investments

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

<u>Investment by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$ 28,519,881</u>	N/A	AAAm

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 are 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 policy regarding credit risk. The Town's investment in the NC Capital Management Trust – Government Portfolio carried a credit rating of AAA-m by Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2021.

### Receivables – Allowances for Doubtful Accounts

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

#### Governmental Activities:

Taxes receivable	<u>\$ 93,633</u>
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#### Business-Type Activities:

Electric	\$ 54,809
ILEC	2,477
CLEC	<u>3,980</u>
Total	<u>\$ 61,266</u>

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **Due from Other Governments**

Due from other governments that is owed to the Town consists of the following:

#### **General Fund:**

Local option sales taxes	\$	441,948
Sales taxes receivable		223,291
DMV MV taxes receivable		28,655
Others		119,829
		<u>813,723</u>

#### **Nonmajor Funds:**

Grants receivable		93,682
Sales taxes receivable		4,593
		<u>98,275</u>

Total due from other governments	\$	<u>911,998</u>
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# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Capital Assets

#### Governmental Capital Assets

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

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2021</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 4,304,222	\$ -	\$ -	\$ -	\$ 4,304,222
Construction in progress	<u>3,479,842</u>	<u>6,020,731</u>	<u>-</u>	<u>(1,259,337)</u>	<u>8,241,236</u>
Total non-depreciable assets	<u>7,784,064</u>	<u>6,020,731</u>	<u>-</u>	<u>(1,259,337)</u>	<u>12,545,458</u>
<b>Depreciable Assets:</b>					
Buildings	15,552,028	-	-	-	15,552,028
Other improvements	5,515,397	923,072	-	-	6,438,469
Equipment	5,092,348	277,704	-	-	5,370,052
Vehicles and motor equipment	3,910,118	572,571	89,331	1,259,337	5,652,695
Infrastructure	<u>9,059,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,059,903</u>
Total depreciable assets	<u>39,129,794</u>	<u>1,773,347</u>	<u>89,331</u>	<u>1,259,337</u>	<u>42,073,147</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	3,737,041	312,632	-	-	4,049,673
Other improvements	2,282,520	276,253	-	-	2,558,773
Equipment	4,139,545	294,690	-	-	4,434,235
Vehicles and motor equipment	3,123,976	318,665	89,331	-	3,353,310
Infrastructure	<u>3,631,051</u>	<u>296,682</u>	<u>-</u>	<u>-</u>	<u>3,927,733</u>
Total accumulated depreciation	<u>16,914,133</u>	<u>\$ 1,498,922</u>	<u>\$ 89,331</u>	<u>\$ -</u>	<u>18,323,724</u>
Total depreciable capital assets, net	<u>22,215,661</u>				<u>23,749,423</u>
Governmental capital assets, net	<u>\$ 29,999,725</u>				<u>\$ 36,294,881</u>

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

**Governmental Activities:**

General government	\$ 325,686
Public safety	582,613
Environmental protection	31,697
Transportation	163,696
Cultural and recreation	395,230
Total	<u>\$ 1,498,922</u>

**Proprietary Capital Assets**

The capital assets of the proprietary funds at June 30, 2021 are as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2021</u>
<b>Electric:</b>					
<b>Non-Depreciable Assets:</b>					
Land	\$ 3,663,392	\$ -	\$ -	\$ -	\$ 3,663,392
Construction in progress	913,650	3,067,437	-	(7,895)	3,973,192
Total non-depreciable assets	<u>4,577,042</u>	<u>3,067,437</u>	<u>-</u>	<u>(7,895)</u>	<u>7,636,584</u>
<b>Depreciable Assets:</b>					
Substations, lines, and related equipment	18,457,142	-	-	7,895	18,465,037
Buildings	690,982	-	-	-	690,982
Vehicles	621,994	-	17,825	-	604,169
Total depreciable capital assets	<u>19,770,118</u>	<u>-</u>	<u>17,825</u>	<u>7,895</u>	<u>19,760,188</u>
<b>Less Accumulated Depreciation:</b>					
Substations, lines, and related equipment	9,578,544	560,788	-	-	10,139,332
Buildings	258,182	18,167	-	-	276,349
Vehicles	584,181	11,703	17,825	-	578,059
Total accumulated depreciation	<u>10,420,907</u>	<u>\$ 590,658</u>	<u>\$ 17,825</u>	<u>\$ -</u>	<u>10,993,740</u>
Total depreciable capital assets, net	<u>9,349,211</u>				<u>8,766,448</u>
Capital assets, net	<u>13,926,253</u>				<u>16,403,032</u>



# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2021</u>
<b>ILEC Telephone Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Land	47,777	\$ -	\$ -	\$ -	47,777
Construction in progress	<u>751,844</u>	<u>626,850</u>	<u>-</u>	<u>(1,128,869)</u>	<u>249,825</u>
Total non-depreciable assets	<u>799,621</u>	<u>626,850</u>	<u>-</u>	<u>(1,128,869)</u>	<u>297,602</u>
<b>Depreciable Assets:</b>					
Plant and distribution systems	4,983,821	16,278	-	1,128,869	6,128,968
Buildings	544,437	-	-	-	544,437
Furniture and maintenance equipment	196,856	-	-	-	196,856
Vehicles and other work equipment	<u>401,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,674</u>
Total depreciable capital assets	<u>6,126,788</u>	<u>16,278</u>	<u>-</u>	<u>1,128,869</u>	<u>7,271,935</u>
<b>Less Accumulated Depreciation:</b>					
Plant and distribution systems	3,734,593	122,568	-	-	3,857,161
Buildings	344,176	13,066	-	-	357,242
Furniture and maintenance equipment	196,856	-	-	-	196,856
Vehicles and other work equipment	<u>401,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,674</u>
Total accumulated depreciation	<u>4,677,299</u>	<u>\$ 135,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,812,933</u>
Total depreciable capital assets, net	<u>1,449,489</u>				<u>2,459,002</u>
Capital assets, net	<u>2,249,110</u>				<u>2,756,604</u>

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2021</u>
<b>CLEC Telephone Fund:</b>					
<b>Non-Depreciable Assets:</b>					
Construction in progress	<u>146,359</u>	<u>\$ 162,871</u>	<u>\$ -</u>	<u>\$ (197,273)</u>	<u>111,957</u>
<b>Depreciable Assets:</b>					
Plant and distribution systems	<u>5,173,475</u>	<u>11,135</u>	<u>-</u>	<u>197,273</u>	<u>5,381,883</u>
<b>Less Accumulated Depreciation:</b>					
Plant and distribution systems	<u>3,463,639</u>	<u>\$ 311,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,774,757</u>
Total depreciable capital assets, net	<u>1,709,836</u>				<u>1,607,126</u>
Capital assets, net	<u>1,856,195</u>				<u>1,719,083</u>
Total business-type activities capital assets, net	<u>\$ 18,031,558</u>				<u>\$ 20,878,719</u>

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 36,294,881	\$ 20,878,719
Long-term debt	(21,000,000)	-
Less:		
Unexpended proceeds	<u>15,766,461</u>	<u>-</u>
Net investment in capital assets	<u>\$ 31,061,342</u>	<u>\$ 20,878,719</u>

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Construction Commitments

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Town Hall/Library Building CPF	\$ 5,233,539	\$ 15,391,908
Lynnwood/Lakeview Rd Improv CPF	-	2,292,075
Fire Building Construction CPF	-	1,000,000
Johnson Road Realignment	994,952	2,672,048
Total	<u>\$ 6,228,491</u>	<u>\$ 21,356,031</u>

### B. Liabilities

#### Local Governmental Employee's Retirement System

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

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

*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 Pineville 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 Pineville's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.19% 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 Pineville were \$515,551 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.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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 \$2,517,479 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.07045% (measured as of June 30, 2020), which was a decrease of 0.00704% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$810,958. 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	\$ 317,913	\$ -
Changes of assumptions	187,350	-
Net difference between projected and actual earnings on pension plan investments	354,268	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,872	106,720
Town contributions subsequent to the measurement date	515,551	-
Total	<u>\$ 1,381,954</u>	<u>\$ 106,720</u>

\$515,551 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 ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 193,555
2023	297,447
2024	163,835
2025	104,846
2026	-
Thereafter	-
Total	<u>\$ 759,683</u>

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitant 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, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2010, as of December 31, 2014.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

*Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	<u>\$ 5,107,690</u>	<u>\$ 2,517,479</u>	<u>\$ 364,831</u>

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

### Law Enforcement Officers' Special Separation Allowance

*Plan Description.* The Town 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% 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. A separate report was not issued for the plan.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	2
Active plan members	<u>36</u>
Total	<u><u>38</u></u>

### Summary of Significant Accounting Policies

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

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

### Actuarial Assumptions

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

Inflation	2.50 percent per annum
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor per annum
Discount rate	1.93 percent per annum, compounded annually

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the actuary for the Local Government Employees' Retirement System for the five-year period ending December 21, 2019.

***Mortality Assumption:*** All mortality rates use Pub-2010 amount-weighted tables.

***Mortality Projection:*** All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

***Deaths After Retirement (Healthy):*** Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by one year.



# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Deaths After Retirement (Disabled Members at Retirement):** Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back three years for all ages.

**Deaths After Retirement (Survivors of Deceased Members):** Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward three years. Rates for female members are Set Forward one year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

**Deaths Prior To Retirement:** Mortality rates are based on the Safety Mortality Table for Employees.

**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 operation budget. There were no contributions made by the 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 \$38,232 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$1,926,028. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$196,086.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 32,969	\$ 28,291
Changes of assumptions and other inputs	509,765	29,038
Town benefit payments and plan administrative expense made subsequent to the measurement date	42,537	-
Total	<u>\$ 585,271</u>	<u>\$ 57,329</u>

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Town paid \$42,537 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 95,115
2023	96,910
2024	93,243
2025	101,167
2026	88,428
Thereafter	10,542
Total	<u>\$ 485,405</u>

*Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate.* The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 2,077,820</u>	<u>\$ 1,926,028</u>	<u>\$ 1,786,691</u>

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

	2021
Beginning balance	\$ 1,325,677
Service cost	58,377
Interest on the total pension liability	42,594
Differences between expected and actual experience in the measurement of the total pension liability	(10,466)
Changes of assumptions or other inputs	548,078
Benefit payments	(38,232)
Ending balance of the total pension liability	<u>\$ 1,926,028</u>

**Changes of Assumptions.** Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.26% at December 31, 2019 to 1.93% at December 31, 2020 (measurement date).

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 810,958	\$ 196,086	\$ 1,007,044
Pension liability	2,517,479	1,926,028	4,443,507
Proportionate share of the net pension liability	0.07045%	N/A	-

#### **Deferred Outflows of Resources:**

Differences between expected and actual experience	\$ 317,913	\$ 32,969	\$ 350,882
Changes of assumptions	187,350	509,765	697,115
Net difference between projected and actual earnings on plan investments	354,268	-	354,268
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,872	-	6,872
Benefit payments and administrative costs paid subsequent to the measurement date	515,551	42,537	558,088
Total deferred outflows of resources	<u>\$ 1,381,954</u>	<u>\$ 585,271</u>	<u>\$ 1,967,225</u>

#### **Deferred Inflows of Resources:**

Differences between expected and actual experience	\$ -	\$ 28,291	\$ 28,291
Changes of assumptions	-	29,038	29,038
Changes in proportion and differences between Town contributions and proportionate share of contributions	106,720	-	106,720
Total deferred inflows of resources	<u>\$ 106,720</u>	<u>\$ 57,329</u>	<u>\$ 164,049</u>

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$210,527, which consisted of \$120,614 from the Town and \$89,913 from the law enforcement officers. No amounts were forfeited.

### **Supplemental Retirement Income Plan for General Employees**

**Plan Description.** The Town has elected to contribute to the Plan for general employees as well as for law enforcement officers. Participation begins at the date of employment. Employees may contribute up to 15% of their annual salary, not to exceed the maximum amount established by law. The Town will match the contribution 100% up to 5% of the employee's salary. Contributions for the year ended June 30, 2021 were \$214,650 which consisted of \$93,376 from the Town and \$121,274 from the employees.

### **Other Post-Employment Benefit**

#### **Healthcare Benefits**

**Plan Description.** Under the terms of a Town resolution, the Town administers a single-employer, defined benefit Healthcare Benefits Plan (the HCB Plan). This Plan provides post-employment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System).

Employees who were hired before September 1, 2019 and retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and meet any of the following conditions are eligible to participate in the Town's Health Insurance Plan:

- 30 years of service with the Town
- Age 50 and 20 years of service with the Town
- Age 55 and 10 years of service with the Town
- Disabled at any age and 5 years of service with the Town

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Employees hired on or after September 1, 2019 are not eligible to participate in the Town's Health Insurance Plan after retirement. The Town Board has the authority to establish and amend the benefit terms and financing requirements.

**Benefits Provided.** Employees who retire with a minimum of 25 years of employment with the Town will have their health insurance premium paid entirely by the Town. If an employee retires with less than 25 years of employment, they can continue to participate in the Town's Health Insurance Plan but will have to pay full cost of coverage.

Two retirees are grandfathered in to dental and life insurance coverage paid by the Town. The monthly cap on Medicare reimbursements does not apply to these two grandfathered retirees. One retiree receives a Medicare Part B reimbursement from the Town for their lifetime. Health care and prescription drug coverage are provided in the Town's Health Insurance Plan for Pre-Medicare retirees and a reimbursement is offered to Medicare eligible retirees. Dependents of retirees are not eligible to participate in the Town's Health Insurance Plan.

The monthly premium for active employees and retirees not yet eligible for Medicare is \$513.01 as of July 1, 2020. Medicare eligible retirees are eligible to receive a reimbursement up to \$150 a month to cover their Medicare Supplement Plan. Two grandfathered retirees are not subject to the monthly cap on their reimbursement.

The Town Council may amend the benefit provisions. A separate report was not issued for the Plan. No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2020, the measurement date of the latest actuarial valuation:

Retirees receiving benefits	6
Active plan members	<u>79</u>
Total	<u><u>85</u></u>

### **Total OPEB Liability**

The Town's total OPEB liability of \$2,935,923 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 percent - 7.75 percent
Law enforcement officers	3.50 percent - 7.35 percent
Municipal bond index rate	
Prior measurement date	3.50 percent
Measurement date	2.21 percent
Healthcare cost trend rates	
Pre-Medicare, medical and prescription drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare, supplement reimbursement	None

The discount rate is based on the yield of the 20-year tax-exempt municipal bond rate as of the measurement date.

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	\$ 5,191,717
<b>Changes for the year</b>	
Service cost	328,662
Interest	192,473
Changes of benefit terms	(2,492,424)
Differences between expected and actual experience	(684,846)
Changes in assumptions or other inputs	443,001
Benefit payments	(42,660)
Net changes	(2,255,794)
<b>Balance at June 30, 2021</b>	<b>\$ 2,935,923</b>

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

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 increases used in the June 30, 2020 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, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 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 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(1.21%)</b>	<b>Discount</b>	<b>(3.21%)</b>
	<u>Rate (2.21%)</u>	<u>Rate (2.21%)</u>	<u>(3.21%)</u>
Total OPEB liability	\$ 3,343,809	\$ 2,935,923	\$ 2,588,070

*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:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 2,604,713	\$ 2,935,923	\$ 3,334,963

### **OPEB Expense, 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 \$(2,074,689). 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</b>	<b>Deferred</b>
	<b>Outflows of</b>	<b>Inflows of</b>
	<b>Resources</b>	<b>Resources</b>
Differences between expected and actual experience	\$ -	\$ 930,783
Changes of assumptions and other inputs	718,850	452,776
Town benefit payments and plan administrative expense made subsequent to the measurement date	37,131	-
Total	\$ 755,981	\$ 1,383,559

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$37,131 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 OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending</b>	<b>Amount</b>
<b>June 30</b>	
2022	\$ (103,400)
2023	(103,400)
2024	(103,400)
2025	(103,400)
2026	(103,400)
Thereafter	(147,709)
Total	<u>\$ (664,709)</u>

### Other Employee Benefits

#### Death Benefit Plan

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

#### Group Life Insurance

The Town pays the full cost of a life insurance policy for all regular full-time employees and all regular part-time employees who work a minimum of 30 hours per week. Employee coverage is equivalent to the employee's current salary and payable to the designated beneficiary of the employee.



# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Differences between expected and actual experience	\$ 350,882
Changes of assumptions	1,415,965
Net difference between projected and actual earnings on plan investments	354,268
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,872
Benefit payments and administrative costs paid subsequent to the measurement date	595,219
Total	<u>\$ 2,723,206</u>

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

	Statement of Net Position	Balance Sheet Governmental Funds
Taxes receivable	\$ -	\$ 105,046
Unavailable revenue (nonmajor funds)	-	93,682
Differences between expected and actual experience	959,074	-
Changes of assumptions and other inputs	481,814	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,720	-
Total	<u>\$ 1,547,608</u>	<u>\$ 198,728</u>

### Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$5 million per occurrence, auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police, and public officials for claims in excess of \$1 million, for property claims in excess of \$500,000, and up to statutory limits for workers' compensation. The

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town provides health insurance coverage to eligible employees through a third party. Any health claims in excess of policy limits are the responsibility of the employee and not the Town.

The Town carries flood insurance with a third party that provides coverage for property located in an area that has been mapped and designated a “B, C, and X” area by the Federal Emergency Management Agency. The coverage provides an annual and a single occurrence limit of \$5,000,000 each. All of the Town’s assets are located within these zones with the exception of some sheds and concession stands located at one of the Town's parks. While the Town is eligible to purchase flood insurance through the National Flood Insurance program on these items, no decision has been made to carry flood insurance on all these items at this time.

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 bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

### **Claims, Judgments and Contingent Liabilities**

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

### **Long-Term Obligations**

#### **Installment Purchases – Direct Placements**

In February 2021, the Town entered into a \$21,000,000 installment note to finance the Town Hall/ Library facility. The note requires semi-annual interest only payments thru July 1, 2022 and beginning January 1, 2023 annual principal payments of \$1,500,000, plus semi-annual interest payments at a 1.73% fixed interest rate, to mature in 2036. The Town's outstanding note from direct placement related to governmental activities, contains a provision that in an event of default, outstanding amounts become immediately due or lender may exercise or enforce its security in the Deed of Trust, if the Town fails to pay a payment or additional payment when due, fails to budget and appropriate money to make payments in subsequent year, fails to perform terms and conditions or covenants of the contract, files bankruptcy, misrepresents the Deed of Trust, or attaches, levies, or executes on or against any portion of the mortgaged property. The note is secured by the Town Hall/ Library facility. At June 30, 2021, the balance remaining was \$21,000,000.

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Annual debt service payments of the installment purchase, including interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ -	\$ 325,961
2023	1,500,000	368,346
2024	1,500,000	342,035
2025	1,500,000	316,590
2026	1,500,000	289,415
2027 - 2031	7,500,000	1,052,993
2032 - 2036	7,500,000	394,945
Total	<u>\$ 21,000,000</u>	<u>\$ 3,090,285</u>

At June 30, 2021, the Town had a legal debt margin of approximately \$187,045,000.

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	July 1, 2020	Additions	Deletions	June 30, 2021	Current Portion of Balance
<b>Governmental Activities:</b>					
Installment purchases- direct placement	\$ 225,000	\$21,000,000	\$ 225,000	\$ 21,000,000	\$ -
Total pension liability (LEOSSA)	1,325,677	600,351	-	1,926,028	-
Net pension liability (LGERS)	1,862,760	357,146	-	2,219,906	-
Total OPEB liability	4,380,282	-	2,002,694	2,377,588	-
Compensated absences	312,954	127,581	125,838	314,697	31,470
Governmental activities long-term liabilities	<u>\$ 8,106,673</u>	<u>\$22,085,078</u>	<u>\$ 2,353,532</u>	<u>\$ 27,838,219</u>	<u>\$ 31,470</u>
<b>Business-Type Activities:</b>					
<i>Electric Fund:</i>					
Net pension liability (LGERS)	\$ 19,544	\$ 4,013	\$ -	\$ 23,557	\$ -
Total OPEB liability	163,967	-	23,009	140,958	-
Compensated absences	19,289	1,466	419	20,336	2,034
<i>ILEC Telephone Fund:</i>					
Net pension liability (LGERS)	233,887	40,129	-	274,016	-
Total OPEB liability	647,468	-	230,091	417,377	-
Compensated absences	41,252	14,658	18,627	37,283	3,728
Business-type activities long-term liabilities	<u>\$ 1,125,407</u>	<u>\$ 60,266</u>	<u>\$ 272,146</u>	<u>\$ 913,527</u>	<u>\$ 5,762</u>

# TOWN OF PINEVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Compensated absences, other post-employment benefits, and pension liabilities for governmental activities have typically been liquidated in the General Fund.

### Interfund Balances and Activity

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

<u>Fund</u>	<u>Payable</u>	<u>Receivable</u>	<u>Purpose</u>
ILEC Telephone Fund	\$ -	\$ 1,163,614	Cash deficit and operational support
CLEC Telephone Fund	1,163,614	-	
Total	<u>\$ 1,163,614</u>	<u>\$ 1,163,614</u>	

Transfers to/from other funds during the year ended June 30, 2021 consist of the following:

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
Electric Fund	\$ 30,852	\$ -	Payment in lieu of taxes
ILEC Telephone Fund	4,783	-	Payment in lieu of taxes
CLEC Telephone Fund	5,642	-	Payment in lieu of taxes
General Fund	-	41,277	Payment in lieu of taxes
General Fund	3,539,017	-	Fund capital projects
Town Hall/Library Building Capital Project Fund	-	246,942	Town contribution to project
Lynnwood/Lakeview Road Improv Capital Project Fund	-	2,292,075	Town contribution to project
Fire Building Construction Capital Project Fund	-	1,000,000	Town contribution to project
ILEC Telephone Fund	242,873	-	Capital expansion
CLEC Telephone Fund	-	242,873	Capital expansion
Total	<u>\$ 3,823,167</u>	<u>\$ 3,823,167</u>	

### 3. Jointly Governed Organizations

The Town, in conjunction with twenty other governments, is a member of the North Carolina Town 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's governing board. The 21 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 purchases of power for the fiscal year ended June 30, 2021 were \$8,652,729.

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

The Town's volunteer fire department appoints five members to the five-member local Board of Trustees for the Firemen's Relief Fund. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the state. The state passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. During the fiscal year ended June 30, 2021, the Town did not report any payments to the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the 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.

#### **4. Summary Disclosure of Significant Contingencies**

##### **Federal and State-Assisted Programs**

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

##### **Coronavirus Disease (COVID-19)**

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 may continue to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

#### **5. Significant Effects of Subsequent Events**

The Town of Pineville was awarded \$1,320,000 from the Federal American Rescue Plan (ARP). The \$1,320,000 is expected to be received within the next 12 months.

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **6. 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 a 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 a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, The Town performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. The Town maintains a bank account and is the bookkeeper for a Firemen's Relief Fund. There is no restatement to net position or fund balances affecting the Town's financial statements except the Town now presents a custodial fund. The restatement to put this activity on the Town's ledger was \$172,708 to place this in the Custodial Fund.

**TOWN OF PINEVILLE, NORTH CAROLINA****OTHER POST-EMPLOYMENT BENEFITS****SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS****LAST FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability - beginning	\$ 5,191,717	\$ 4,371,403	\$ 4,532,967	\$ 4,700,511
Service cost	328,662	290,684	284,743	330,065
Interest	192,473	169,319	160,726	141,055
Changes of benefit terms	(2,492,424)	-	-	-
Differences between expected and actual experience	(684,846)	(3,248)	(443,489)	(4,409)
Changes of assumptions	443,001	401,353	(126,849)	(605,457)
Benefit payments	(42,660)	(37,794)	(36,695)	(28,798)
Net change in total OPEB liability	(2,255,794)	820,314	(161,564)	(167,544)
Total OPEB liability - ending	<u>\$ 2,935,923</u>	<u>\$ 5,191,717</u>	<u>\$ 4,371,403</u>	<u>\$ 4,532,967</u>
Covered payroll	\$ 4,207,910	\$ 4,179,376	\$ 4,179,376	\$ 4,421,778
Total OPEB liability as a percentage of covered payroll	69.77%	124.22%	104.59%	102.51%

**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%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **TOWN OF PINEVILLE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS\***

	<b>Local Government Employees' Retirement System</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Proportion of the net pension liability (asset) (%)	0.07045%	0.07749%	0.07376%	0.07209%
Proportion of the net pension liability (asset) (\$)	\$ 2,517,479	\$ 2,116,191	\$ 1,749,837	\$ 1,101,334
Covered payroll	\$ 4,893,217	\$ 4,742,012	\$ 4,486,995	\$ 4,359,497
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.45%	44.63%	39.00%	25.26%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

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

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**TOWN OF PINEVILLE, NORTH CAROLINA**

**TOWN OF PINEVILLE'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS\***

	<b>Local Government Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset) (%)	0.08583%	0.08872%	0.07666%	0.07590%
Proportion of the net pension liability (asset) (\$)	\$ 1,821,599	\$ 398,170	\$ (452,100)	\$ 914,886
Covered payroll	\$ 4,865,354	\$ 4,644,690	\$ 4,298,274	\$ 3,805,544
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.44%	8.57%	-10.52%	24.04%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

**TOWN OF PINEVILLE, NORTH CAROLINA**

**TOWN OF PINEVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

<b>Local Government Employees' Retirement System</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 515,551	\$ 455,948	\$ 385,750	\$ 352,312
Contributions in relation to the contractually required contribution	<u>515,551</u>	<u>455,948</u>	<u>385,750</u>	<u>352,312</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,911,096	\$ 4,893,217	\$ 4,742,012	\$ 4,486,995
Contributions as a percentage of covered payroll	10.50%	9.32%	8.13%	7.85%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF PINEVILLE, NORTH CAROLINA**

**TOWN OF PINEVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

<b>Local Government Employees' Retirement System</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually required contribution	\$ 332,324	\$ 336,228	\$ 335,672	\$ 302,731
Contributions in relation to the contractually required contribution	<u>332,324</u>	<u>336,228</u>	<u>335,672</u>	<u>302,731</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,359,497	\$ 4,865,354	\$ 4,644,690	\$ 4,298,274
Contributions as a percentage of covered payroll	7.62%	6.91%	7.23%	7.04%

**TOWN OF PINEVILLE, NORTH CAROLINA**
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST FIVE FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 1,325,677	\$ 1,176,798	\$ 1,200,412	\$ 1,080,697	\$ 1,046,425
Service cost	58,377	57,730	53,296	46,139	50,560
Interest on the total pension liability	42,594	42,140	37,329	41,197	36,875
Differences between expected and actual experience in the measurement of the total pension liability	(10,466)	49,289	(30,956)	(10,288)	-
Changes of assumptions or other inputs	548,078	37,952	(45,051)	69,500	(26,121)
Benefit payments	(38,232)	(38,232)	(38,232)	(26,833)	(27,042)
Ending balance of the total pension liability	<u>\$ 1,926,028</u>	<u>\$ 1,325,677</u>	<u>\$ 1,176,798</u>	<u>\$ 1,200,412</u>	<u>\$ 1,080,697</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF PINEVILLE, NORTH CAROLINA****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE  
PAYROLL LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST FIVE FISCAL YEARS**

	<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 1,926,028	\$ 1,325,677	\$ 1,176,798	\$ 1,200,412	\$ 1,080,697
Covered employee payroll	2,180,723	2,257,049	1,912,422	2,005,261	2,108,877
Total pension liability as a percentage of covered employee payroll*	88.32%	58.73%	61.53%	59.86%	51.25%

**Notes to the Schedules:**

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

\* Valuation payroll

**TOWN OF PINEVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes		\$ 8,539,870	
Penalties and interest		10,900	
Total	\$ 8,125,000	8,550,770	\$ 425,770
<b>Other Taxes and Licenses:</b>			
Gross receipts tax on short-term rental property		154,962	
Cablevision franchise fees		42,093	
Other taxes		18,419	
Total	-	215,474	215,474
<b>Unrestricted Intergovernmental:</b>			
Local option sales tax		2,646,684	
Utilities franchise tax		1,061,255	
ABC funds		192,814	
Total	2,988,000	3,900,753	912,753
<b>Restricted Intergovernmental:</b>			
Powell Bill allocation		203,629	
Controlled substance tax		3,652	
Vehicle rental tax		326,989	
Storm water fees		435,653	
Forfeited seizures - police		239,826	
Transient occupancy tax		322,241	
Coronavirus relief funds		108,400	
Prepared foods tax		678,880	
Arts and science council allocation		5,000	
Total	1,782,730	2,324,270	541,540
<b>Sales and Services:</b>			
Recreation department fees		68,961	
Police services		158,837	
Zoning fees		10,920	
Jack Hughes Park fees		53,758	
Rent income		10,055	
Total	100,000	302,531	202,531
<b>Investment Earnings:</b>			
Interest income	300,000	10,378	(289,622)

**TOWN OF PINEVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Miscellaneous</b>	<u>2,051,644</u>	<u>100,651</u>	<u>(1,950,993)</u>
Total revenues	<u>15,347,374</u>	<u>15,404,827</u>	<u>57,453</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and benefits		34,819	
Professional services		34,522	
Other operating expenditures		<u>87,984</u>	
Total		<u>157,325</u>	
<b>Administration:</b>			
Salaries and benefits		377,791	
Operating expenses		549,063	
Capital outlay		<u>806,883</u>	
Total		<u>1,733,737</u>	
<b>Human Resources:</b>			
Salaries and benefits		48,637	
Operating expenses		<u>94,562</u>	
Total		<u>143,199</u>	
<b>Zoning Board:</b>			
Salaries and benefits		203,095	
Operating expenses		<u>238,052</u>	
Total		<u>441,147</u>	
Total general government	<u>4,865,698</u>	<u>2,475,408</u>	<u>2,390,290</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and benefits		3,865,259	
Operating expenses		914,840	
Capital outlay		<u>258,657</u>	
Total		<u>5,038,756</u>	

**TOWN OF PINEVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Fire:</b>			
Salaries and benefits		52,760	
Operating expenses		846,511	
Capital outlay		<u>237,745</u>	
Total		<u>1,137,016</u>	
 Total public safety	<u>7,567,302</u>	<u>6,175,772</u>	<u>1,391,530</u>
 <b>Transportation:</b>			
<b>Streets and Highways:</b>			
Salaries and benefits		542,453	
Operating expenses		255,329	
Capital outlay		<u>815,782</u>	
Total transportation	<u>1,760,646</u>	<u>1,613,564</u>	<u>147,082</u>
 <b>Environmental Protection:</b>			
<b>Stormwater:</b>			
Salary and benefits		113,899	
Contracted services		70,383	
Operating expenses		121,436	
Capital outlay		<u>250,000</u>	
Total		<u>555,718</u>	
 <b>Sanitation:</b>			
Operating expenditures		<u>586,957</u>	
 Total environmental protection	<u>1,208,000</u>	<u>1,142,675</u>	<u>65,325</u>
 <b>Cultural and Recreational:</b>			
<b>Parks and Recreation:</b>			
Salaries and benefits		237,055	
Operating expenses		226,924	
Capital outlay		<u>38,892</u>	
Total parks and recreation		<u>502,871</u>	
 <b>Tourism:</b>			
Salaries and benefits		374,851	
Operating expenditures		251,302	
Capital outlay		<u>188,709</u>	
Total tourism		<u>814,862</u>	



**TOWN OF PINEVILLE, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Total cultural and recreational	<u>1,769,038</u>	<u>1,317,733</u>	<u>451,305</u>
<b>Debt Service:</b>			
Principal retirement		225,000	
Interest and other charges		<u>3,150</u>	
Total debt service	<u>228,150</u>	<u>228,150</u>	<u>-</u>
Contingency	<u>51,690</u>	<u>-</u>	<u>51,690</u>
Total expenditures	<u>17,450,524</u>	<u>12,953,302</u>	<u>4,497,222</u>
Revenues over (under) expenditures	<u>(2,103,150)</u>	<u>2,451,525</u>	<u>4,554,675</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds	(3,539,017)	(3,539,017)	-
Transfers from other funds	1,000,000	-	(1,000,000)
Transfers from other funds - payment in lieu of taxes	40,000	41,277	1,277
Appropriated fund balance	<u>4,602,167</u>	<u>-</u>	<u>(4,602,167)</u>
Total other financing sources (uses)	<u>2,103,150</u>	<u>(3,497,740)</u>	<u>(5,600,890)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,046,215)</u>	<u>\$ (1,046,215)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>21,090,903</u>	
End of year - June 30		<u>\$ 20,044,688</u>	

## TOWN OF PINEVILLE, NORTH CAROLINA

## MAJOR CAPITAL PROJECT FUND

## TOWN HALL/LIBRARY BUILDING CAPITAL PROJECT FUND

## SCHEDULE OF REVENUES AND EXPENDITURES, AND

## CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 698	\$ 698
<b>Expenditures:</b>				
General government:				
Construction	15,786,745	-	4,718,331	4,718,331
Relocation of telephone infrastructure	3,933,732	-	454,535	454,535
Architectural engineering fees	289,085	-	-	-
Legal and financing fees	100,000	-	60,673	60,673
Contingency	515,885	-	-	-
Total expenditures	20,625,447	-	5,233,539	5,233,539
Revenues over (under) expenditures	(20,625,447)	-	(5,232,841)	(5,232,841)
<b>Other Financing Sources (Uses):</b>				
Proceeds from long-term debt	21,000,000	-	21,000,000	21,000,000
Transfers to other funds:				
General Fund	(1,033,415)	-	-	-
Transfers from other funds:				
General Fund	658,862	-	246,942	246,942
Total other financing sources (uses)	20,625,447	-	21,246,942	21,246,942
Net change in fund balance	\$ -	\$ -	16,014,101	\$ 16,014,101
<b>Fund Balance:</b>				
Beginning of year - July 1			-	
End of year - June 30			\$ 16,014,101	

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TOWN OF PINEVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

	Special Revenue Fund	Capital Project Funds	
	Emergency Telephone System	Johnston Road Realignment Capital Project Fund	Dog Park/ Splash Pad Capital Project Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 388,530	\$ 1,497,048	\$ 18,758
Accounts receivable, net	12,863	-	-
Due from other governments	4,593	93,682	-
Total assets	<u>\$ 405,986</u>	<u>\$ 1,590,730</u>	<u>\$ 18,758</u>
<b>Deferred Inflows of Resources and Fund Balances:</b>			
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	\$ -	\$ 93,682	\$ -
<b>Fund Balances:</b>			
Restricted for stabilization by state statute	17,456	-	-
Restricted for public safety	388,530	-	-
Committed for general government	-	1,497,048	-
Committed for public safety	-	-	-
Committed for transportation	-	-	-
Committed for cultural and recreation	-	-	18,758
Total fund balances	<u>405,986</u>	<u>1,497,048</u>	<u>18,758</u>
Total deferred inflows of resources and fund balances	<u>\$ 405,986</u>	<u>\$ 1,590,730</u>	<u>\$ 18,758</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

	Capital Project Funds			
	Lynnwood/ Lakeview Road Improvements Capital Project Fund	Fire Building Construction Capital Project Fund	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,292,075	\$ 1,000,000	\$ 4,807,881	\$ 5,196,411
Accounts receivable, net	-	-	-	12,863
Due from other governments	-	-	93,682	98,275
Total assets	<u>\$ 2,292,075</u>	<u>\$ 1,000,000</u>	<u>\$ 4,901,563</u>	<u>\$ 5,307,549</u>
<b>Deferred Inflows of Resources and Fund Balances:</b>				
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,682</u>	<u>\$ 93,682</u>
<b>Fund Balances:</b>				
Restricted for stabilization by state statute	-	-	-	17,456
Restricted for public safety	-	-	-	388,530
Committed for general government	-	-	1,497,048	1,497,048
Committed for public safety	-	1,000,000	1,000,000	1,000,000
Committed for transportation	2,292,075	-	2,292,075	2,292,075
Committed for cultural and recreation	-	-	18,758	18,758
Total fund balances	<u>2,292,075</u>	<u>1,000,000</u>	<u>4,807,881</u>	<u>5,213,867</u>
Total deferred inflows of resources and fund balances	<u>\$ 2,292,075</u>	<u>\$ 1,000,000</u>	<u>\$ 4,901,563</u>	<u>\$ 5,307,549</u>

**TOWN OF PINEVILLE, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Special Revenue Fund</b>	<b>Capital Project Funds</b>	
	<b>Emergency Telephone System</b>	<b>Johnston Road Realignment Capital Project Fund</b>	<b>Dog Park/ Splash Pad Capital Project Fund</b>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 154,493	\$ -	\$ -
Investment earnings	30	-	-
Total revenues	<u>154,523</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
General government	-	40,925	-
Public safety	116,406	-	-
Total expenditures	<u>116,406</u>	<u>40,925</u>	<u>-</u>
Revenues over (under) expenditures	38,117	(40,925)	-
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	-	-	-
Net change in fund balances	38,117	(40,925)	-
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>367,869</u>	<u>1,537,973</u>	<u>18,758</u>
End of year - June 30	<u>\$ 405,986</u>	<u>\$ 1,497,048</u>	<u>\$ 18,758</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Project Funds			
	Lynnwood/ Lakeview Road Improvements Capital Project Fund	Fire Building Construction Capital Project Fund	Total Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 154,493
Investment earnings	-	-	-	30
Total revenues	-	-	-	154,523
<b>Expenditures:</b>				
General government	-	-	40,925	40,925
Public safety	-	-	-	116,406
Total expenditures	-	-	40,925	157,331
Revenues over (under) expenditures	-	-	(40,925)	(2,808)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds	2,292,075	1,000,000	3,292,075	3,292,075
Net change in fund balances	2,292,075	1,000,000	3,251,150	3,289,267
<b>Fund Balances:</b>				
Beginning of year - July 1	-	-	1,556,731	1,924,600
End of year - June 30	\$ 2,292,075	\$ 1,000,000	\$ 4,807,881	\$ 5,213,867

## TOWN OF PINEVILLE, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental		\$ 154,493	
Investment earnings		30	
Total revenues	\$ 155,058	154,523	\$ (535)
<b>Expenditures:</b>			
Public safety:			
Telephone & furniture		3,760	
Software & software maintenance		40,772	
Hardware & hardware maintenance		71,874	
Total expenditures	155,058	116,406	38,652
Net change in fund balance	\$ -	38,117	\$ 38,117
<b>Fund Balance:</b>			
Beginning of year - July 1		367,869	
End of year - June 30		\$ 405,986	
<b>PSAP Reconciliation:</b>			
Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP revenue - expenditure report because:			
Ending fund balance, reported on budget to actual		\$ 405,986	
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning fund balance - budget to actual vs. revised PSAP report)		3,792	
Ending balance, PSAP revenue - expenditure report		\$ 409,778	



**TOWN OF PINEVILLE, NORTH CAROLINA**

**JOHNSTON ROAD REALIGNMENT CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Project Authorization</b>	<b>Actual</b>		
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 1,175,000	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
General government:				
Construction	2,610,000	222,799	40,925	263,724
Land and buildings	750,000	731,228	-	731,228
Engineering and professional services	307,000	-	-	-
Total expenditures	3,667,000	954,027	40,925	994,952
Revenues over (under) expenditures	(2,492,000)	(954,027)	(40,925)	(994,952)
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds:				
General Fund	2,492,000	2,492,000	-	2,492,000
Net change in fund balance	\$ -	\$ 1,537,973	(40,925)	\$ 1,497,048
<b>Fund Balance:</b>				
Beginning of year - July 1			1,537,973	
End of year - June 30			\$ 1,497,048	

**TOWN OF PINEVILLE, NORTH CAROLINA**

**DOG PARK/SPLASH PAD CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		<u>Actual</u>	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>
			<u>Total to Date</u>
<b>Fund Balance:</b>			
Beginning of year - July 1			\$ 18,758
End of year - June 30			\$ 18,758

## TOWN OF PINEVILLE, NORTH CAROLINA

**LYNNWOOD/LAKEVIEW ROAD IMPROVEMENTS CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		<b>Actual</b>		
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total to Date</u></b>
<b>Expenditures:</b>				
Transportation:				
Construction	\$ 1,762,800	\$ -	\$ -	\$ -
Engineering/professional services	352,775	-	-	-
Contingency	176,500	-	-	-
Total expenditures	<u>2,292,075</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(2,292,075)	-	-	-
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds:				
General Fund	<u>2,292,075</u>	<u>-</u>	<u>2,292,075</u>	<u>2,292,075</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,292,075</u>	<u>\$ 2,292,075</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 2,292,075</u>	

**TOWN OF PINEVILLE, NORTH CAROLINA**

**FIRE BUILDING CONSTRUCTION CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		<b>Actual</b>		
	<b><u>Project Authorization</u></b>	<b><u>Prior Years</u></b>	<b><u>Current Year</u></b>	<b><u>Total to Date</u></b>
<b>Expenditures:</b>				
Public safety:				
Land	\$ 900,000	\$ -	\$ -	\$ -
Architectural engineering fees	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	(1,000,000)	-	-	-
<b>Other Financing Sources (Uses):</b>				
Transfers from other funds:				
General Fund	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,000,000</u>	<u>\$ 1,000,000</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 1,000,000</u>	

# TOWN OF PINEVILLE, NORTH CAROLINA

## ELECTRIC FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for service		\$ 11,384,233	
Other operating revenues		<u>174,303</u>	
Total operating revenues		<u>11,558,536</u>	
Non-operating revenues:			
NCMPA rebate		2,313,297	
Interest earnings		<u>1,570</u>	
Total non-operating revenues		<u>2,314,867</u>	
Total revenues	<u>\$ 15,654,000</u>	<u>13,873,403</u>	<u>\$ (1,780,597)</u>
<b>Expenditures:</b>			
Administration:			
Salaries and employee benefits		240,815	
Professional services		16,457	
Operating expenditures		<u>168,644</u>	
Total administration		<u>425,916</u>	
Operations:			
Salaries and employee benefits		1,318	
Operating expenditures		<u>1,106,317</u>	
Total operations		<u>1,107,635</u>	
Electrical power purchases		<u>8,652,729</u>	
Capital outlay		<u>3,067,437</u>	
Total expenditures	<u>16,174,000</u>	<u>13,253,717</u>	<u>2,920,283</u>
Revenues over (under) expenditures	<u>(520,000)</u>	<u>619,686</u>	<u>1,139,686</u>
<b>Other Financing Sources (Uses):</b>			
Transfer to General Fund - payment in lieu of taxes	(30,000)	(30,852)	(852)
Appropriated fund balance	<u>550,000</u>	<u>-</u>	<u>(550,000)</u>
Total other financing sources (uses)	<u>520,000</u>	<u>(30,852)</u>	<u>(550,852)</u>

**TOWN OF PINEVILLE, NORTH CAROLINA****ELECTRIC FUND****SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	588,834	\$ <u>588,834</u>

**Reconciliation from Budgetary Basis (Modified Accrual)  
to Full Accrual:**

## Reconciling items:

Capital asset additions	3,067,437
Depreciation	(590,658)
Change in deferred outflows of resources - pensions	1,578
Change in deferred outflows of resources - OPEB	3,641
Change in net pension liability	(4,013)
Change in total OPEB liability	23,009
Change in deferred inflows of resources - pensions	(520)
Change in deferred inflows of resources - OPEB	(5,051)
Change in accrued vacation	(1,047)
Interest income from Electric Rate Stabilization Fund	<u>143</u>
Change in net position	\$ <u>3,083,353</u>

**TOWN OF PINEVILLE, NORTH CAROLINA**

**ELECTRIC RATE STABILIZATION FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Investment earnings	\$ 4,000	\$ 143	\$ (3,857)
<b>Expenditures:</b>			
Rate stabilization operations	4,000	-	(4,000)
Net change in fund balance	<u>\$ -</u>	143	<u>\$ 143</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>725,083</u>	
End of year - June 30		<u>\$ 725,226</u>	

## TOWN OF PINEVILLE, NORTH CAROLINA

**ILEC TELEPHONE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services		\$ 1,098,646	
Non-operating revenues:			
Interest earnings		<u>1,771</u>	
Total revenues	\$ <u>1,024,198</u>	<u>1,100,417</u>	\$ <u>76,219</u>
<b>Expenditures:</b>			
Administration:			
Salaries and employee benefits		265,597	
Reimbursement - CLEC		<u>(103,337)</u>	
Total		<u>162,260</u>	
Operations:			
Salaries and employee benefits		453,957	
Operating expenditures		239,257	
Reimbursement - CLEC		<u>(178,100)</u>	
Total		<u>515,114</u>	
Telephone access and service charges		<u>29,058</u>	
Capital outlay:			
Equipment		<u>674,128</u>	
Total expenditures	<u>1,384,331</u>	<u>1,380,560</u>	<u>3,771</u>
Revenues over (under) expenditures	<u>(360,133)</u>	<u>(280,143)</u>	<u>79,990</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to General Fund - payment in lieu of taxes	(5,500)	(4,783)	717
Transfers to CLEC Fund	(242,873)	(242,873)	-
Appropriated fund balance	<u>608,506</u>	<u>-</u>	<u>(608,506)</u>
Total other financing sources (uses)	<u>360,133</u>	<u>(247,656)</u>	<u>(607,789)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u>-</u>	<u>(527,799)</u>	\$ <u>(527,799)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Capital asset additions		643,128	
Change in deferred outflows of resources - pensions		15,784	
Change in deferred outflows of resources - OPEB		36,402	
Change in net pension liability		(40,129)	
Change in total OPEB liability		230,091	
Change in deferred inflows of resources - pensions		(5,196)	
Change in deferred inflows of resources - OPEB		(50,524)	
Change in accrued vacation		3,969	
Depreciation		<u>(135,634)</u>	
Change in net position		\$ <u><u>170,092</u></u>	



## TOWN OF PINEVILLE, NORTH CAROLINA

CLEC TELEPHONE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON GAAP)  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services		\$ 860,949	
Non-operating revenues:			
Interest earnings		<u>2,130</u>	
Total revenues	<u>\$ 886,626</u>	<u>863,079</u>	<u>\$ (23,547)</u>
<b>Expenditures:</b>			
Administration:			
Professional services		23,098	
Operating expenditures		<u>110,930</u>	
Total		<u>134,028</u>	
Operations:			
Operating expenditures		659,176	
Capital outlay		<u>174,006</u>	
Total		<u>833,182</u>	
IPTV - Cable:			
Operating expenditures		<u>25,891</u>	
Telephone access and service charges		<u>117,168</u>	
Total expenditures	<u>1,120,499</u>	<u>1,110,269</u>	<u>10,230</u>
Revenues over (under) expenditures	<u>(233,873)</u>	<u>(247,190)</u>	<u>(13,317)</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from ILEC Fund	242,873	242,873	-
Transfers to General Fund - payment in lieu of taxes	<u>(9,000)</u>	<u>(5,642)</u>	<u>3,358</u>
Total other financing sources (uses)	<u>233,873</u>	<u>237,231</u>	<u>3,358</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(9,959)</u>	<u>\$ (9,959)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Capital asset additions		174,006	
Depreciation		<u>(311,118)</u>	
Change in net position		<u>\$ (147,071)</u>	

**TOWN OF PINEVILLE, NORTH CAROLINA****SCHEDULE OF AD VALOREM TAXES RECEIVABLE****JUNE 30, 2021**

<b>Year Ended June 30</b>	<b>Uncollected Balance July 1, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 8,581,839	\$ 8,508,957	\$ 72,882
2019-2020	98,591	-	66,703	31,888
2018-2019	14,945	-	3,015	11,930
2017-2018	11,961	-	2,829	9,132
2016-2017	10,404	-	312	10,092
2015-2016	9,531	-	170	9,361
2014-2015	7,232	-	272	6,960
2013-2014	11,342	-	113	11,229
2012-2013	12,970	-	68	12,902
2011-2012	22,337	-	34	22,303
2010-2011	27,354	-	27,354	-
Total	<u>\$ 226,667</u>	<u>\$ 8,581,839</u>	<u>\$ 8,609,827</u>	198,679
Less: Allowance for uncollectible ad valorem taxes receivable				<u>93,633</u>
Ad valorem taxes receivable, net				<u>\$ 105,046</u>
<b>Reconcilement with Revenues:</b>				
Taxes - ad valorem				<u>\$ 8,550,770</u>
Reconciling items:				
Interest collected				(10,900)
Refunds and other adjustments				6,776
Miscellaneous adjustments				35,827
Amounts written off for tax years per statute of limitations				<u>27,354</u>
Total reconciling items				<u>59,057</u>
Total collections and credit				<u>\$ 8,609,827</u>

## TOWN OF PINEVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 2,584,211,212	\$ 0.33	\$ 8,527,897	\$ 8,177,856	\$ 350,041
<b>Discoveries</b>	57,285,152		189,041	189,041	-
<b>Abatements</b>	<u>(40,939,091)</u>		<u>(135,099)</u>	<u>(135,099)</u>	<u>-</u>
Total property valuation	<u>\$ 2,600,557,273</u>				
<b>Net Levy</b>			8,581,839	8,231,798	350,041
Uncollected taxes at June 30, 2021			<u>(72,882)</u>	<u>(72,882)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 8,508,957</u>	<u>\$ 8,158,916</u>	<u>\$ 350,041</u>
<b>Current Levy Collection Percentage</b>			<u>99.15%</u>	<u>99.11%</u>	<u>100.00%</u>

**TOWN OF PINEVILLE, NORTH CAROLINA****SCHEDULE OF TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Name of Taxpayer</b>	<b>Type of Business</b>	<b>2020 Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
Carolina Place Joint Venture	Shopping center	\$ 163,248,900	6.28%
Centro Heritage SPE 4 LLC	Shopping center	47,589,600	1.83%
Arc CTCHRNC001LLC	Shopping center	41,914,600	1.61%
HR of Carolinas LLC	Real estate	40,237,500	1.55%
New Willow Ridge Associates LLC	Real estate	40,012,000	1.54%
Ipex USA LLC	Shopping center	32,987,204	1.27%
Westdale Sabal Point NC LLC	Manufacturing	32,691,600	1.26%
BIN-PDS LLC	Real estate	29,564,400	1.14%
LCF LLC	Real estate	27,579,800	1.06%
Elements Property Holdings LLC	Real estate	25,919,900	1.00%
Total		<u>\$ 481,745,504</u>	<u>18.52%</u>

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **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 Pineville, 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, each major fund, and the aggregate remaining fund information of the Town of Pineville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 19, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Pineville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pineville'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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 19, 2021

# **TOWN OF PINEVILLE, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2021**

### **1. Summary of Auditor's Results**

#### **Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

### **2. Findings Related to the Audit of the Basic Financial Statements**

None reported.

**TOWN OF PINEVILLE, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

There were no findings reported in the prior year.