

**TOWN OF PRINCETON,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

MAYOR

Donald B. Rains

COMMISSIONERS

Michael Rose

Walter Martin, Jr.

Broderick Robinson

Michael Holmes

Town Administrator

Marla H. Ashworth

TOWN CLERK

April Williamson

**Town of Princeton
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June 30, 2021**

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FINANCIAL SECTION



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Independent Auditor's Report

To the Mayor and Members of the Board of Commissioners
Princeton, 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 Princeton, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Princeton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

February 3, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

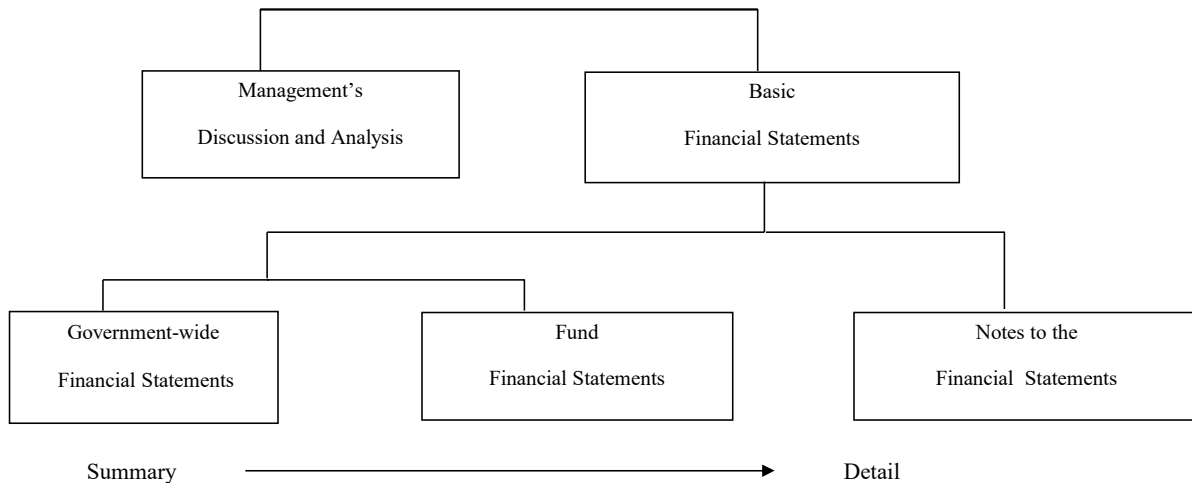
- The assets and deferred outflows of resources of the Town of Princeton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,883,369 (net position).
- The government's total net position increased by \$194,135, due entirely to increase in the governmental-type activities net position.
- As of the close of the current fiscal year, the Town of Princeton's governmental fund reported an ending fund balance of \$609,784 with a net increase of \$108,557 in fund balance. Approximately, 35% of this total amount, or \$212,610, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$471,404 or 43% of total general fund expenditures for the fiscal year.
- The Town of Princeton's total debt decreased by \$91,641 during the current fiscal year due to regularly scheduled principal payments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Princeton's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Princeton.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of Princeton.

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 8 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 Princeton's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found after 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 Princeton's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 714,565	\$ 593,480	\$ 583,892	\$ 509,360	\$ 1,298,457	\$ 1,102,840
Capital assets	1,083,896	945,876	3,491,904	3,644,713	4,575,800	4,590,589
Deferred outflows of resources	130,144	80,790	37,203	26,374	167,347	107,164
Total assets and deferred outflows of resources	1,928,605	1,620,146	4,112,999	4,180,447	6,041,604	5,800,593
Long-term liabilities outstanding	767,072	689,152	1,115,544	1,114,786	1,882,616	1,803,938
Other liabilities	172,194	133,321	89,496	153,138	261,690	286,459
Deferred inflows of resources	10,790	16,188	3,139	4,774	13,929	20,962
Total liabilities and deferred inflows of resources	950,056	838,661	1,208,179	1,272,698	2,158,235	2,111,359
Net position:						
Net investment in capital assets	533,911	393,669	2,444,599	2,435,629	2,978,510	2,829,298
Restricted	184,756	163,393	52,508	51,922	237,264	215,315
Unrestricted	259,882	224,423	407,713	420,198	667,595	644,621
Total net position	\$ 978,549	\$ 781,485	\$ 2,904,820	\$ 2,907,749	\$ 3,883,369	\$ 3,689,234

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Princeton exceeded liabilities and deferred inflows by \$3,883,369 as of June 30, 2021. The Town's net position increase by \$194,135 for the fiscal year ended June 30, 2021. However, the Town's largest portion, \$2,978,510 (77%), reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town of Princeton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Princeton's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Princeton's net position of \$237,264 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$667,595 is unrestricted.

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

- Slight increase in tax revenues.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.63%.

Town of Princeton's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for services	\$ 190,666	\$ 220,325	\$ 743,423	\$ 693,042	\$ 934,089	\$ 913,367
Operating grants and contributions	66,092	87,424	-	-	66,092	87,424
Capital grants and contributions	-	-		25,280	-	25,280
General revenues:						
Property taxes	525,630	496,867	-	-	525,630	496,867
Other taxes	302,866	279,382	-	-	302,866	279,382
Grants and contributions not restricted to specific programs	46,542	-	-	-	46,542	-
Other	118,875	36,034	10,226	1,155	129,101	37,189
Total revenues	1,250,671	1,120,032	753,649	719,477	2,004,320	1,839,509
Expenses:						
General government	251,444	247,814	-	-	251,444	247,814
Public safety	440,587	473,316	-	-	440,587	473,316
Economic and physical development	10,600	281,915	-	-	10,600	281,915
Transportation	273,483	12,407	-	-	273,483	12,407
Environmental protection	31,377	1,251	-	-	31,377	1,251
Cultural and recreational	21,949	29,023	-	-	21,949	29,023
Interest on long-term debt	24,167	4,900	-	-	24,167	4,900
Water and sewer	-	-	756,578	703,887	756,578	703,887
Total expenses	1,053,607	1,050,626	756,578	703,887	1,810,185	1,754,513
Increase (decrease) in net position	197,064	69,406	(2,929)	15,590	194,135	84,996
Net Position, beginning, previously stated	781,485	525,169	2,907,749	2,892,159	3,689,234	3,417,328
Restatement	-	186,910	-	-	-	186,910
Net position-beginning	781,485	712,079	2,907,749	2,892,159	3,689,234	3,604,238
Net position-ending	\$ 978,549	\$ 781,485	\$ 2,904,820	\$ 2,907,749	\$ 3,883,369	\$ 3,689,234

Governmental-type activities: Governmental activities increase the Town's net position by \$197,064. Key element of this increase are as follows:

- Revenues increased by \$130,639.

Business-type activities: Business-type activities decreased the Town's net position by \$2,929. Key elements of this decrease are as follows:

- Expenses increased by \$52,691.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Princeton. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$471,404 while total fund balance reached \$654,852. The Town currently has an available fund balance of 43% of general fund expenditures, while total fund balance represents 59% of the same amount.

At June 30, 2021, the governmental funds of Town of Princeton reported a combined fund balance of \$609,784, with a net increase in fund balance of \$108,557.

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.

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$407,713. The total decrease in net position was \$2,929. The change in net position in the Water and Sewer Fund is a result of increase water revenues.

Capital Asset and Debt Administration

Capital assets. The Town of Princeton's net investment in capital assets for its governmental and business type activities as of June 30, 2021, totals \$4,575,800 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following addition:

- Dodge charger - police vehicle
- Land

Town of Princeton's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 187,766	\$ 152,028	\$ 24,280	\$ 24,280	\$ 212,046	\$ 176,308
Construction in progress	206,989	121,679	48,080	48,080	255,069	169,759
Buildings and other systems	531,400	552,238	-	-	531,400	552,238
Improvements other than buildings	7,365	8,532	-	-	7,365	8,532
Substations, lines, and related equipment		-	3,389,499	3,541,639	3,389,499	3,541,639
Machinery and equipment	81,509	35,538	30,045	30,714	111,554	66,252
Vehicles and motorized equipment	68,867	75,861	-	-	68,867	75,861
Total	\$ 1,083,896	\$ 945,876	\$ 3,491,904	\$ 3,644,713	\$ 4,575,800	\$ 4,590,589

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

Long-term Debt. As of June 30, 2021 the Town of Princeton had total debt outstanding of \$1,597,290. The legal debt margin of the Town is \$6,928,344.

Town of Princeton's Outstanding Liabilities
Figure 5

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Installment Purchase Notes	\$ 549,985	\$ 552,207	\$ 735,605	\$ 780,518	\$ 1,285,590	\$ 1,332,725
General obligation bonds	-	-	21,700	40,400	21,700	40,400
Revenue bonds	-	-	290,000	315,806	290,000	315,806
Total pension liability	63,357	37,512	-	-	63,357	37,512
Net pension liability (LGRS)	192,272	121,316	65,282	41,720	257,554	163,036
Compensated absences	33,792	25,158	14,525	9,464	48,317	34,622
Total outstanding debt	\$ 839,406	\$ 736,193	\$ 1,127,112	\$ 1,187,908	\$ 1,966,518	\$ 1,924,101

Town of Princeton Outstanding Debt

The Town of Princeton total debt decreased by \$91,641 during the past fiscal year, primarily due to principle payments.

North Carolina's general statutes limit the amount of general obligation debt that a governmental unit can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Princeton is presently at \$6,928,344 (the amount of additional debt the Town could obligate itself under NC General Statute).

Additional information pertaining to the Town of Princeton's long-term debt can be found in the notes.

Economic Factors and Next Year's Budgets and Rates

The 2021-2022 budget year, like the previous three budget years, will continue to present challenges to the Board, management and staff as the national economy struggles to recover from recession. The tax rate continued at \$0.54/\$100 valuation however, tax revenue is expected to increase. Sales tax revenue is starting to increase as well as water usage, which increases water and sewer revenue. The budget will be monitored continuously to ensure adequate revenues are received to cover necessary expenses. Despite the economic struggles, the Town was still able to continue to increase our General Fund Balance.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities : Revenues are expected to remain at levels similar to last fiscal year.

Business-Type Activities : Water and sewer revenues are expected to remain the same during 2021-2022. There were no significant increases in budgeted expenditures compared to 2021-2022.

Request for Information

This financial report is designed to provide a general overview of the Town of Princeton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Princeton, PO Box 67, Princeton, NC 27569.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 526,196	\$ 330,291	\$ 856,487
Restricted cash	59,332	103,383	162,715
Taxes receivable, net	4,921	-	4,921
Accounts receivable, net	22,506	116,985	139,491
Intergovernmental receivables	73,756	12,925	86,681
Inventories	-	20,308	20,308
Prepaid items	27,854	-	27,854
Total current assets	<u>714,565</u>	<u>583,892</u>	<u>1,298,457</u>
Capital assets:			
Land, non-depreciable improvements, and construction in progress	394,755	72,360	467,115
Other capital assets, net of depreciation	689,141	3,419,544	4,108,685
Total capital assets	<u>1,083,896</u>	<u>3,491,904</u>	<u>4,575,800</u>
Total assets	<u>1,798,461</u>	<u>4,075,796</u>	<u>5,874,257</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LEO	21,425	-	21,425
Pension deferrals - LGERS	108,719	37,203	145,922
Total deferred outflows of resources	<u>130,144</u>	<u>37,203</u>	<u>167,347</u>
LIABILITIES			
Accounts payable and accrued liabilities	99,860	26,963	126,823
Current-portion of long-term liabilities	62,334	55,533	117,867
Compensated absences - current	10,000	7,000	17,000
Long-term liabilities			
Net pension liability - LGERS	192,272	65,372	257,644
Total pension liability - LEOSSA	63,357	-	63,357
Compensated absences payable	23,792	7,525	31,317
Due in more than one year	487,651	991,772	1,479,423
Liabilities to be paid from restricted assets			
Customer Deposits	-	50,875	50,875
Total liabilities	<u>939,266</u>	<u>1,205,040</u>	<u>2,144,306</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals - LEO	1,602	-	1,602
Pension deferrals - LGERS	9,188	3,139	12,327
Total deferred inflows of resources	<u>10,790</u>	<u>3,139</u>	<u>13,929</u>
NET POSITION			
Net investment in capital assets	533,911	2,444,599	2,978,510
Restricted:			
Stabilization by State Statute	96,262	-	96,262
Streets	59,332	-	59,332
Culture and recreation	29,162	-	29,162
Debt service	-	52,508	52,508
Unrestricted	259,882	407,713	667,595
Total net position	<u>\$ 978,549</u>	<u>\$ 2,904,820</u>	<u>\$ 3,883,369</u>

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

Town of Princeton, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 251,444	\$ 4,490	\$ -	\$ -	\$ (246,954)	\$ -	\$ (246,954)
Public safety	440,587	-	30,032	-	(410,555)	-	(410,555)
Economic and physical development	10,600	-	-	-	(10,600)	-	(10,600)
Transportation	273,483	-	36,060	-	(237,423)	-	(237,423)
Enviromental protection	31,377	186,176	-	-	154,799	-	
Cultural and recreational	21,949	-	-	-	(21,949)	-	(21,949)
Interest on long-term debt	24,167	-	-	-	(24,167)	-	(24,167)
Total governmental activities	1,053,607	190,666	66,092	-	(796,849)	-	(796,849)
Business-type activities:							
Water Fund	756,578	743,423	-	-	-	(13,155)	(13,155)
Total business-type activities	756,578	743,423	-	-	-	(13,155)	(13,155)
	\$ 1,810,185	\$ 934,089	\$ 66,092	\$ -	(796,849)	(13,155)	(810,004)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					525,630	-	525,630
Local option sales tax					210,694	-	210,694
Other taxes and licenses					92,172	-	92,172
Grants and contributions not restricted to specific programs					46,542	-	46,542
Investment earnings, unrestricted					8,835	10,226	19,061
Miscellaneous, unrestricted					110,040	-	110,040
Total general revenues, special items, and transfers					993,913	10,226	1,004,139
Change in net position					197,064	(2,929)	194,135
Net positions, beginning					781,485	2,907,749	3,689,234
Net position, ending					\$ 978,549	\$ 2,904,820	\$ 3,883,369

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

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

	<u>Major</u>	<u>NonMajor</u> <u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u> <u>Funds</u>	<u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 497,034	\$ 29,162	\$ 526,196
Restricted cash	59,332	-	59,332
Taxes receivable, net	4,921	-	4,921
Due from other governments	73,756	-	73,756
Accounts receivable, net	22,506	-	22,506
Prepaid expenses	27,854	-	27,854
Total assets	<u>\$ 685,403</u>	<u>\$ 29,162</u>	<u>\$ 714,565</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	25,630	74,230	99,860
Total liabilities	<u>25,630</u>	<u>74,230</u>	<u>99,860</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	4,921	-	4,921
Total deferred inflows of resources	<u>4,921</u>	<u>-</u>	<u>4,921</u>
Fund balances:			
Non Spendable			
Prepaid expense	27,854	-	27,854
Restricted			
Stabilized by state statute	96,262	-	96,262
Streets	59,332	-	59,332
Special revenue funds	-	24,240	24,240
Capital project funds	-	4,922	4,922
Unassigned	471,404	(74,230)	397,174
Total fund balances	<u>654,852</u>	<u>(45,068)</u>	<u>609,784</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 685,403</u>	<u>\$ 29,162</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			1,083,896
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.			130,144
Liabilities for earned revenues considered deferred inflows of resources in fund statements.			4,921
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)			(549,985)
Compensated absences			(33,792)
Net pension liability - LEOSSA.			(63,357)
Net pension liability - LGERS.			(192,272)
Deferred inflows of resources related to pensions are not reported in the funds			(10,790)
Net position of governmental activities			<u>\$ 978,549</u>

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

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

	<u>Major</u>	<u>Non Major</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 527,734	\$ -	\$ 527,734
Unrestricted intergovernmental	302,866	-	302,866
Restricted intergovernmental	83,572	-	83,572
Permits and fees	34,522	-	34,522
Sales and services	185,206	-	185,206
Investment earnings	7,983	852	8,835
Miscellaneous	108,988	-	108,988
Total revenues	<u>1,250,871</u>	<u>852</u>	<u>1,251,723</u>
EXPENDITURES			
Current:			
General government	246,954	-	246,954
Public safety	452,346	-	452,346
Transportation	300,299	-	300,299
Economic and physical development	-	85,310	85,310
Environmental protection	18,908	-	18,908
Culture and recreation	12,960	-	12,960
Debt service:			
Principal	47,222	-	47,222
Interest	24,167	-	24,167
Total expenditures	<u>1,102,856</u>	<u>85,310</u>	<u>1,188,166</u>
Excess (deficiency) of revenues over expenditures	<u>148,015</u>	<u>(84,458)</u>	<u>63,557</u>
Other financing sources (uses):			
Loan Proceeds	45,000	-	45,000
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Net change in fund balance	193,015	(84,458)	108,557
Fund balances-beginning	461,837	39,390	501,227
Fund balances-ending	<u>\$ 654,852</u>	<u>\$ (45,068)</u>	<u>\$ 609,784</u>

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

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

Amounts reported for governmental activities in the statement of activities are

Net changes in fund balance - total government funds	\$	108,557
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the book value of capital outlay decreases in fiscal year.

Capital outlay expenditures which were capitalized	\$ 225,233		
Depreciation expense for governmental assets	<u>(87,213)</u>		138,020

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			42,517
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			(1,052)
--	--	--	---------

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

New long term debt issued	(45,000)		
Principal payments	<u>47,222</u>		2,222

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

Compensated absences	(8,634)		
Pension expense	<u>(84,566)</u>		(93,200)

Total changes in net position of governmental activities	<u>\$</u>	<u>197,064</u>	
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The notes to the financial statements are an integral part of this statement.

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

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 476,500	\$ 519,500	\$ 527,734	\$ 8,234
Unrestricted intergovernmental revenues	234,619	234,619	302,866	68,247
Restricted intergovernmental revenues	38,290	38,290	83,572	45,282
Permits and fees	3,000	33,000	34,522	1,522
Sales and services	186,596	186,596	185,206	(1,390)
Investment earnings	175	5,675	7,983	2,308
Miscellaneous	5,930	149,380	108,988	(40,392)
Total revenues	<u>945,110</u>	<u>1,167,060</u>	<u>1,250,871</u>	<u>83,811</u>
Expenditures				
Current:				
General government	218,759	269,359	246,954	22,405
Public safety	304,715	488,415	452,346	36,069
Transportation	242,883	314,733	300,299	14,434
Environmental protection	37,321	37,321	18,908	18,413
Cultural and recreational	33,481	35,281	12,960	22,321
Debt service:				
Principal retirement	57,346	47,226	47,222	4
Interest	14,047	24,167	24,167	-
Total expenditures	<u>949,552</u>	<u>1,216,502</u>	<u>1,102,856</u>	<u>113,646</u>
Revenues over (under) expenditures	(4,442)	(49,442)	148,015	197,457
Other financing sources (uses)				
Loan proceeds			45,000	
Fund Balance Appropriated			-	
Total other financing sources and uses	<u>4,442</u>	<u>49,442</u>	<u>45,000</u>	<u>4,442</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	193,015	<u>\$ 193,015</u>
Fund balances, beginning as previously reported			461,837	
Fund balances, ending			<u>\$ 654,852</u>	

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

Town of Princeton, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

Exhibit 6

	<u>Water and Sewer Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 330,291
Accounts receivable (net)	116,985
Intergovernmental receivables	12,925
Inventories	20,308
Restricted Cash	103,383
Total Current Assets	<u>583,892</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	72,360
Other capital assets, net of depreciation	3,419,544
Capital assets (net)	<u>3,491,904</u>
Total Assets	<u>4,075,796</u>
Deferred Outflows of Resources	<u>37,203</u>
Liabilities	
Current Liabilities:	
Accounts payable & accrued liabilities	26,963
Customer deposits	50,875
Installment purchases - current	48,033
General obligation bonds payable - current	500
Revenue bond payable - current	7,000
Total Current Liabilities	<u>133,371</u>
Noncurrent liabilities:	
Compensated absences	14,525
Net pension liability - LGERS	65,372
Installment purchases - noncurrent	687,572
General obligation bonds payable - noncurrent	21,200
Revenue bond payable - noncurrent	283,000
Total noncurrent liabilities	<u>1,071,669</u>
Total Liabilities	<u>1,205,040</u>
Deferred Inflows of Resources	<u>3,139</u>
Net Position	
Net investment in capital assets	2,444,599
Restricted for debt service	52,508
Unrestricted	<u>407,713</u>
Total Net Position	<u>\$ 2,904,820</u>

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

Town of Princeton, North Carolina
Statement of Revenues and Expenditures and
Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2021

Exhibit 7

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 672,343
Water and sewer taps	28,000
Capacity fees	34,400
Other operating Revenues	<u>8,680</u>
Total Operating Revenues	<u>743,423</u>
Operating expenses:	
Salaries and employee benefits	215,611
County water purchased	144,358
Repairs and maintenance	119,628
Other operating expenditures	109,275
Depreciation	<u>159,052</u>
Total operating expenses	<u>747,924</u>
Total Operating Income (Loss)	<u>(4,501)</u>
Nonoperating Revenues(Expenses):	
Investment earnings	10,226
Interest and other charges	<u>(8,654)</u>
Total Nonoperating Revenues (Expenses)	<u>1,572</u>
Changes in net position	(2,929)
Net position, beginning	<u>2,907,749</u>
Total net position, Ending	<u><u>\$ 2,904,820</u></u>

Town of Princeton, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2021

Exhibit 8

	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Cash Received from Customers/others	\$ 723,950
Cash paid to suppliers for goods and services	(376,787)
Cash paid to employees for services	(199,363)
Net cash provided by (used for) operating activities	<u>147,800</u>
Cash Flows from (use by) capital and related financing activities:	
Principal repayments on long-term debt	(89,419)
Acquisition of capital assets	(6,244)
Interest income	10,226
Interest expense	(8,654)
Net cash flows provided (used) by capital financing activities	<u>(94,091)</u>
 Net increase (decrease) in cash and cash equivalents	 53,709
 Cash and cash equivalents, beginning of year	 <u>379,965</u>
Cash and cash equivalents, end of year	<u>\$ 433,674</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (4,501)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	159,052
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(19,473)
Increase (decrease) in accounts payable and accrued liabilities	(3,526)
Increase (decrease) in net pension liability	23,652
(Increase) decrease in deferred outflows of resources for pensions	(10,830)
Increase (decrease) in deferred inflows of resources for pensions	(1,635)
Increase (decrease) in accrued vacation pay	5,061
Net cash provided (used) by operating activities	<u>\$ 147,800</u>

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NOTES TO THE FINANCIAL STATEMENTS

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Princeton, 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 Princeton is a municipal corporation that is governed by an elected mayor and a three-member council. As required by generally accepted accounting principles, these financial statements present the financial activity of the Town.

B. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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. Primary expenditures are for public safety, street maintenance and construction, and general administration.

The Town reports the following non-major governmental funds:

Barefoot Endowment Fund - This fund is used to account the Town's investment income and expenditures for the beautification of the Princeton area.

Golden Leaf Downtown Drainage Grant Fund - This fund is used to account for the Town's drainage repair grants and expenditures.

Golden Leaf Beaver Dam Ditch Repair Grant Project Fund - This fund is used to account for the Town's beaver dam ditch repair expenditures and grants.

Community Building Project Fund - This fund is used to account for the Town's upgrades to the Community Building.

The Town reports the following major enterprise fund:

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

The Town reports the following non-major enterprise fund:

2017 Water and Sewer Rehab Project Fund - This fund is used to account for the restricted intergovernmental revenues and expenditures for the 2017 Water and Sewer Rehab Project.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the costs 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.

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Enterprise Capital Projects Funds. The enterprise fund project is consolidated with its respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Cash collected for drug forfeitures and seizures are classified as restricted assets because their use is completely restricted by the U.S. Department of Justice, to the purpose for which they were received.

Town of Princeton Restricted Cash

Governmental Activities

General Fund

	Streets	\$ 59,332
Total Governmental Activities		<u>59,332</u>

Business-type Activities

Water and Sewer Fund

	Customer deposits	50,875
	Reserve Funds	<u>52,508</u>
Total Business-type Activities		<u>103,383</u>

Total Restricted Cash		<u>\$ 162,715</u>
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4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain threshold and an estimated life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, \$500; buildings, improvements, \$500; infrastructure, \$500; furniture and equipment, \$500; and vehicles, \$500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchases or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Capital assets are depreciable using the straight-line method at the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings	30
Improvements	25
Vehicles	6
Furniture and Fixtures	10
Equipment	10
Computer Equipment	3
Software	5

8. Deferred outflows/inflows of resources

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

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Restricted for Debt Service - certain restricted assets in the General Fund and Water and Sewer Fund represent an accumulation of cash required by USDA to have one year's payment in reserve at all times in case the payment is not made timely.

Restricted for Culture and Recreation – Barefoot Funds are restricted for the beautification of the Princeton area.

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

Assigned Fund Balance - portion of fund balance that the Town of Princeton intends to use for specific purposes.

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

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

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

The Town invested donated funds into an investment that is not allowed by NC General Statute 159-33. This investment was at the request of the donor and the Town wants to uphold the donor's request. The Town sends the balance of these investments to the LGC twice a year.

2. Contractual Violations

None reported.

B. Deficit in Fund Balance or Net Position of Individual Funds

The Golden Leaf Downtown Drainage Fund had a deficit Fund Balance due to timing issues related to income.

C. Excess of Expenditures over Appropriations

None reported.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, 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 this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$1,008,337 and a bank balance of \$1,001,417. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2021, the Town of Princeton had \$10,665 invested with the North Carolina Capital Management Trust's Government Portfolio which earned a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Allowance for Doubtful Accounts

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

Water and Sewer Fund:	
Accounts Receivable	\$ 52,809
Total	<u>\$ 52,809</u>

3. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 152,028	\$ 35,738	\$ -	\$ 187,766
Construction in progress	121,679	85,310	-	206,989
Total capital assets not being depreciated	273,707	121,048	-	394,755
Capital assets being depreciated:				
Buildings	869,298	-	-	869,298
Other improvements	415,914	-	-	415,914
Equipment	405,225	66,492	-	471,717
Vehicles and motorized equipment	401,460	37,693	-	439,153
Total capital assets being depreciated	2,091,897	104,185	-	2,196,082
Less accumulated depreciation for:				
Buildings	317,060	20,838	-	337,898
Other improvements	407,382	1,167	-	408,549
Equipment	369,687	20,521	-	390,208
Vehicles and motorized equipment	325,599	44,687	-	370,286
Total accumulated depreciation	1,419,728	\$ 87,213	\$ -	1,506,941
Total capital assets being depreciated, net	672,169			689,141
Governmental activity capital assets, net	\$ 945,876			\$ 1,083,896

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

General Government	\$ 16,250
Public Safety	34,510
Transportation	13,233
Environmental protection	14,469
Cultural & Recreational	8,751
Total Depreciation Expense	<u>\$ 87,213</u>

Business-Type activities:**Water and Sewer Fund:****Capital assets not being depreciated:**

Land	\$ 24,280	\$ -	\$ -	\$ 24,280
Construction in progress	48,080	-	-	48,080
Total capital assets not being depreciated	72,360	-	-	72,360

Capital assets being depreciated:

Plant and distribution systems	6,876,057	-	-	6,876,057
Furniture and maintenance equipment	232,377	6,244	-	238,621
Vehicles	34,134	-	-	34,134
Total capital assets being depreciated	7,142,568	6,244	-	7,148,812

Less accumulated depreciation for:

Plant and distribution systems	3,334,418	152,140	-	3,486,558
Furniture and maintenance equipment	201,664	6,912	-	208,576
Vehicles	34,134	-	-	34,134
Total accumulated depreciation	3,570,216	\$ 159,052	\$ -	3,729,268

Total capital assets being depreciated, net

Water Fund capital assets, net	\$ 3,644,712			\$ 3,491,904
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B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town 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 Princeton's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees and 10.84% for law enforcement employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$42,516 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported an liability of \$257,644 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.0072%, which was a decrease of 0.00125% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$87,267. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,536	\$ -
Change of assumptions	19,174	-
Net difference between projected and actual earnings on pension plan investments	36,257	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	15,439	12,327
Town's contributions subsequent to the measurement date	42,516	-
Total	<u>\$ 145,922</u>	<u>\$ 12,327</u>

\$42,516 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ 24,748
2023	34,149
2024	21,451
2025	10,731
Thereafter	-
	<u>\$ 91,079</u>

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

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

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

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

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

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

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

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

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

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

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$522,732	\$257,644	\$37,338

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

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

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	4
Total	<u>4</u>

2. *Summary of Significant Accounting Policies*

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

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

3. *Actuarial Assumptions*

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

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$63,357. The total pension liability was measured as of December 31, 2020, based on a December 31, 2019, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$8,488.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,075	\$ 606
Changes of assumptions and other inputs	18,350	996
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 21,425	\$ 1,602

\$0.00 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ 3,368
2023	3,467
2024	3,467
2025	3,275
2026	3,011
Thereafter	3,235
	<u>\$ 19,823</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 (2.93percent) than the current rate:

	1 % Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Town's proportionate share of the net pension liability (asset)	\$ 69,033	\$ 63,357	\$ 58,133

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

	2021
Beginning balance	\$ 37,512
Service Cost	3,897
Interest on the total pension liability	1,223
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	1,634
Changes of assumptions or other inputs	19,091
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 63,357</u>

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

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

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

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

	LGERS	LEOSSA	Total
Pension Expense	87,267	8,488	95,755
Pension Liability	257,644	63,357	321,001
Proportionate share of the net pension liability		N/A	

Deferred of Outflows of Resources

Differences between expected and actual experience	32,536	3,075	35,611
Changes of assumptions	19,174	18,350	37,524
Net difference between projected and actual earning on plan investments	36,257	-	36,257
Changes in proportion and differences between contributions and proportionate share of contributions	15,439	-	15,439
Benefit payments and administrative costs paid subsequent to the measurement date	42,516	-	42,516

Deferred of Inflows of Resources	LGERS	LEOSSA	Total
Differences between expected and actual experience	-	606	606
Changes of assumptions	-	996	996
Net differences between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,327	-	12,327

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers and other employees may also make voluntary contributions to the plan.

The Town made contributions of \$16,963 for the reporting year. No amounts were forfeited.

d. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Princeton, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 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, 9 appointed by the Governor, 1 appointed by the State Senate, 1 appointed by the State House of Representatives, and the State Treasurer, and State Superintendent, who serve as the ex - officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. 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.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2021, the State contributed \$18,302,000 to the plan. The Town of Princeton's proportionate share of the State's contribution is \$3,400.

Refunds of Contributions. Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

1. Other Employment Benefits

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 benefits may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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 their benefit amount. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 42,516
Differences between expected and actual experience	35,611
Changes of assumptions	37,524
Net difference between projected and actual earnings on pension plan investments	36,257
Changes in proportion and differences between Town's contributions and proportionate share of contributions	15,439
Total	<u>\$ 167,347</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 4,921
Changes in assumptions	996	-
Differences between expected and actual experience	606	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	12,327	-
Total	<u>\$ 13,929</u>	<u>\$ 4,921</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town does not carry any flood insurance. The Town is not located in a flood plain.

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

4. Claims, Judgments and Contingent Liabilities

At June 30, 2021, there were no lawsuits against the Town that materially impact its financial statements.

5. Long Term Obligations

a. Installment Purchases

Governmental Direct Placement:

Installment purchase with KS Bank, Inc to purchase a garbage truck, carts and bins for \$271,003 on September 29, 2014 with fifteen annual payments of \$22,135 including interest at 2.650% with the first payment due on September 30, 2015. Balance at June 30, 2021 was \$174,985.

Installment purchase with USDA in the amount of \$450,000 for town hall building and land. Principal in the amount of \$30,000 with interest of 2.44% due yearly until December 2032. Balance at June 30, 2021 was \$330,000.

Installment purchase with KS Bank, Inc to purchase a Dodge Charger for police services, for \$45,000 on March 5, 2021 with three annual payments of \$15,331 including interest at 1.1% with the first payment due on March 5, 2022. Balance at June 30, 2021 was \$45,000.

Business-Type Direct Placement:

Installment purchase with USDA in the amount of \$392,000 for sewer improvements in the sewer upgrade capital projects fund due \$21,306 annually including interest at 4.5% on December 15 for forty years with the final payment on December 15, 2044. Balance at June 30, 2021 was \$308,710.

Installment purchase with USDA in the amount of \$400,000 for town hall building and land due \$24,200 annually plus interest at 4.375% on December 18 for thirty years with the final payment on December 18, 2036. This loan was paid off through refinancing with BB&T on December 14, 2016. Balance at June 30, 2020 was \$323,747.

Installment purchase with BB&T in the amount of \$165,385. Principal in the amount of \$36,993 with interest of 3.91% due yearly until 2024. Balance at June 30, 2021 was \$103,148.

Year Ending June 30	Governmental Activities		Business Type- Activities	
	Principal	Interest	Principal	Interest
2022	\$ 62,334	\$ 13,184	\$ 48,033	\$ 29,980
2023	62,961	11,825	49,537	28,476
2024	63,601	10,452	48,713	26,922
2025	48,926	9,065	15,640	25,380
2026	49,428	7,831	16,317	24,703
2027-2031	232,734	20,183	92,810	112,290
2032-2036	30,000	732	114,720	90,380
2037-2041	-	-	141,814	63,286
2042-2046	-	-	153,622	29,796
2047-2051			54,399	4,540
	<u>\$ 549,985</u>	<u>\$ 73,272</u>	<u>\$ 735,605</u>	<u>\$ 435,753</u>

b. General Obligation Indebtedness

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due. Bonds payable at June 30, 2021, was \$21,700.

Year Ending June 30	Principal	Interest
2022	\$ 500	\$ 461
2023	500	451
2024	500	440
2025	500	429
2026	500	419
2027-2031	2,500	1,934
2032-2036	2,500	1,668
2037-2041	2,500	1,403
2042-2046	5,000	1,031
2047-2052	6,700	536
Total	<u>\$ 21,700</u>	<u>\$ 8,770</u>

At June 30, 2021, the Town of Princeton had no bonds authorized but unissued and a legal debt margin of \$6,928,344.

c. Revenue Bond

The Town's revenue bond issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. Principal and interest requirements are appropriated when due.

On November 5, 2012 the Town of Princeton issued a Revenue Bond agreement guaranteed by the USDA in the amount of \$358,000 with interest at 2.125% due on June 1, 2013 through 2053.

Year Ending June 30	Business Type - Activities	
	Principal	Interest
2022	\$ 7,000	\$ 6,163
2023	7,000	6,014
2024	7,000	5,865
2025	7,000	5,716
2026	7,000	5,568
2027-2031	39,000	25,479
2032-2036	43,000	21,186
2037-2041	48,000	16,405
2042-2046	53,000	11,093
2047-2052	72,000	5,546
	<u>\$ 290,000</u>	<u>\$ 109,034</u>

The Town has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 704 of the Bond Order, authorizing the issuance of Water and Sewer Revenues Bonds, Series 1994, since its adoption in 1994. Section 704(a) of the Bond Order requires the debt service coverage ratio to be no less than 125%. The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

Operating revenues	\$ 743,423
Operating expense*	588,872
Operating income	154,551
Non-operating revenues (expense)**	7,883
Income available for debt service	<u>\$ 162,434</u>
Debt service, principal and interest paid (revenue bond only)	\$ 32,117
Debt service coverage ratio	506%

*Per rate covenants, this does not include the depreciation expense of \$159,052

**Per rate covenants, this does not include the revenue bond interest paid of \$6,311

c. Changes in General Long-Term Liabilities

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

	Balance 07/01/20	Increases	Decreases	Balance 06/30/21	Current Portion
Governmental activities:					
Direct placement installment purchase	\$ 552,207	\$ 45,000	\$ 47,222	\$ 549,985	\$ 62,334
Compensated absences	25,158	15,550	6,916	33,792	10,000
Total pension liability (LEOSSA)	37,512	25,845	-	63,357	-
Net pension liability (LGRS)	121,316	70,956	-	192,272	-
Governmental activity long-term liabilities	\$ 736,193	\$ 157,351	\$ 54,138	\$ 839,406	\$ 72,334
Business-type activities:					
Direct placement installment purchase	\$ 780,518	\$ -	\$ 44,913	\$ 735,605	\$ 48,033
General obligation bonds	40,400	-	18,700	21,700	500
Revenue bonds	315,806	-	25,806	290,000	7,000
Compensated absences	9,464	6,751	1,690	14,525	7,000
Net pension liability (LGRS)	41,720	23,652	-	65,372	-
Business-type activity long-term liabilities	\$ 1,187,908	\$ 30,403	\$ 91,109	\$ 1,127,202	\$ 62,533

C. Beautification Program

During the year the M T Barefoot Beautification Fund earned \$348 and had unrealized gains of \$504. No expenditures were recorded in 2021.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 1,083,896	3,491,904
Less: long term debt	(549,985)	(1,047,305)
Net investment in capital asset	\$ 533,911	\$ 2,444,599

E. Fund Balance

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	\$ 654,852
Less:	
Prepaid expense	27,854
Stabilization by State Statute	96,262
Streets - Powell Bill	59,332
Remaining Fund Balance	471,404

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through February 3, 2022 the date that the financial statements were available to be issued.

REQUIRED
SUPPLEMENTAL FINANCIAL
DATA

This section contains additional information required by
generally accounting principals.

Schedule of the Proportionate Share of the Net Pension
Asset – Local Government Employees’ Retirement System

Schedule of Contributions – Local Government Employees’ Retirement System

Schedule of Changes in Total Pension Liability - Law Enforcement Officer's Special
Separation Allowance

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.00722%	0.00597%	0.00779%	0.00771%	0.00779%	0.00804%	0.0076%	0.0069%
Town's proportion of the net pension liability (asset) (\$)	\$ 257,644	\$ 163,036	\$ 184,805	\$ 107,849	\$ 165,330	\$ 36,083	\$ (91,003)	\$ 83,171
Town's covered-employee payroll	\$ 478,958	\$ 444,302	\$ 440,462	\$ 403,326	\$ 387,031	\$ 387,031	\$ 387,093	\$ 329,615
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.79%	36.69%	41.96%	26.74%	42.72%	9.32%	(23.51%)	25.23%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 42,516	\$ 44,139	\$ 35,637	\$ 34,222	\$ 30,346	\$ 26,530	\$ 28,119	\$ 23,598
Contributions in relation to the contractually required contribution	42,516	44,139	35,637	34,222	30,346	26,530	28,119	23,598
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 392,071	\$ 478,958	\$ 444,302	\$ 440,462	\$ 403,326	\$ 387,031	\$ 387,031	\$ 387,093
Contributions as a percentage of covered-employee payroll	10.84%	9.22%	8.02%	7.77%	7.52%	6.85%	7.27%	6.10%

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

	2021	2020	2019	2018	2017
Beginning balance	37,512	32,299	26,556	23,206	25,926
Service Cost	3,897	3,145	3,560	3,036	2,676
Interest on the total pension liability	1,223	1,176	839	854	825
Differences between expected and actual experience in the measurement of the total pension liability	1,634	(303)	2,904	(903)	-
Changes of assumptions or other inputs	19,091	1,195	(1,560)	2,527	(594)
Benefit payments	-	-	-	(2,164)	(5,627)
Ending balance of the total pension liability	<u>\$ 63,357</u>	<u>\$ 37,512</u>	<u>\$ 32,299</u>	<u>\$ 26,556</u>	<u>\$ 23,206</u>

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

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

	2021	2020	2019	2018	2017
Total pension liability	\$ 63,357	\$ 37,512	\$ 32,299	\$ 26,556	\$ 23,206
Covered payroll	164,380	140,207	157,731	158,340	150,702
Total pension liability as a percentage of covered payroll	38.54%	26.75%	20.48%	16.77%	15.40%

Notes to the schedules:

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

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes		\$ 526,045	
Penalties and interest		1,689	
Total	\$ 519,500	527,734	\$ 8,234
Unrestricted Intergovernmental revenues:			
Local option sales taxes		210,694	
Telecommunications sales tax		7,422	
Utility franchise tax		69,125	
Video franchise fees		859	
Beer and wine tax		5,413	
ABC profit distribution		9,353	
Total	234,619	302,866	68,247
Restricted Intergovernmental:			
Powell Bill allocation		36,060	
Solid waste disposal tax		970	
Cares Act Funding		46,542	
Total	38,290	83,572	45,282
Permits and Fees:			
Public safety grant		30,032	
Zoning permits		4,490	
Total	33,000	34,522	1,522
Sales and Services:			
Solid waste		185,206	
Total	186,596	185,206	(1,390)
Investment Earnings	5,675	7,983	2,308
Miscellaneous:			
Rent		1,495	
Other		107,493	
Total	149,380	108,988	(40,392)
Total revenues	1,167,060	1,250,871	83,811

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

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Governing body:			
Salaries and employee benefits		6,634	
Other operating expenditures		47	
Total	6,837	6,681	156
Administration:			
Salaries and employee benefits		113,879	
Other operating expenditures		95,665	
Capital outlay		19,572	
Total	251,307	229,116	22,191
Taxes			
Collection Fees		9,413	
Total	9,450	9,413	37
Legal			
Contracted Services		1,744	
Total	1,765	1,744	21
Total general government	269,359	246,954	22,405
Public Safety:			
Police:			
Salaries and employee benefits		319,279	
Other operating expenditures		59,798	
Capital outlay		73,269	
Total	488,415	452,346	36,069
Total public safety	488,415	452,346	36,069
Transportation:			
Streets and highways:			
Salaries and employee benefits		155,660	
Other operating expenditures		97,556	
Capital outlays		47,083	
Total	313,733	300,299	13,434
Inspection			
Zoning administrator fees		-	
Total Inspections	1,000	-	1,000
Total transportation	314,733	300,299	14,434
Environmental protection:			
Solid waste:			
Other operating expenditures		18,908	
Total environmental protection	37,321	18,908	18,413

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

	Final Budget	Actual	Variance Positive (Negative)
Cultural and recreation:			
Parks and recreation:			
Other operating expenditures		12,960	
Total parks and recreation	35,281	12,960	22,321
Debt Service:			
Principal retirement	47,226	47,222	
Interest and other charges	24,167	24,167	
Total Debt Service	71,393	71,389	4
Total expenditures	1,216,502	1,102,856	113,646
Revenues over Expenditures	(49,442)	148,015	197,457
Other financing sources (uses):			
Loan Proceeds		45,000	
Fund Balance Appropriated		-	
Total Other Financing Sources (Uses)	49,442	45,000	(4,442)
Net change in fund balance	\$ -	193,015	\$ 193,015
Fund balances, beginning		461,837	
Fund balances, ending		\$ 654,852	

Town of Princeton, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Fund		Capital Project Funds				
	Barefoot Endowment Fund	Total Nonmajor Special Revenue Funds	Beaver Dam Ditch Repair Grant Project Fund	Golden Leaf Downtown Drainage Fund	Community Building Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:							
Cash and cash equivalents	\$ 24,240	\$ 24,240	\$ 4,922		\$ -	\$ 4,922	\$ 29,162
Accounts Receivables	-	-				-	-
Total Assets	<u>\$ 24,240</u>	<u>\$ 24,240</u>	<u>\$ 4,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,922</u>	<u>\$ 29,162</u>
Liabilities and Fund Balances:							
Current liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 74,230	\$ -	\$ 74,230	\$ 74,230
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,230</u>	<u>-</u>	<u>74,230</u>	<u>74,230</u>
Fund Balances:							
Beautification	24,240	24,240	-	-	-	-	24,240
Cultural and recreation	-	-	-	-	-	-	-
Economic and physical development	-	-	4,922	-	-	4,922	4,922
Unassigned	-	-	-	(74,230)	-	(74,230)	(74,230)
Total fund balances	<u>24,240</u>	<u>24,240</u>	<u>4,922</u>	<u>(74,230)</u>	<u>-</u>	<u>(69,308)</u>	<u>(45,068)</u>
Total liabilities and fund balances	<u>\$ 24,240</u>	<u>\$ 24,240</u>	<u>\$ 4,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,922</u>	<u>\$ 29,162</u>

Town of Princeton, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021

	Special Revenue Fund		Capital Project Funds				
	Barefoot Endowment Fund	Total Nonmajor Special Revenue Funds	Golden Leaf Beaver Dam Ditch Repair Grant Project	Golden Leaf Downtown Drainage Fund	Community Building Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:							
Restricted intergovernmental grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	348	348	-	-	-	-	348
Unrealized gains	504	504	-	-	-	-	504
Total revenues	<u>852</u>	<u>852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852</u>
Expenditures:							
Economic and physical development	-	-	1,500	83,810	-	85,310	85,310
Cultural and recreation	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>83,810</u>	<u>-</u>	<u>85,310</u>	<u>85,310</u>
Revenues Over (Under) Expenditures	<u>852</u>	<u>852</u>	<u>(1,500)</u>	<u>(83,810)</u>	<u>-</u>	<u>(85,310)</u>	<u>(84,458)</u>
Fund balances:							
Beginning of Year, July 1	<u>23,388</u>	<u>23,388</u>	<u>6,422</u>	<u>9,580</u>	<u>-</u>	<u>16,002</u>	<u>39,390</u>
End of year, June 30	<u>\$ 24,240</u>	<u>\$ 24,240</u>	<u>\$ 4,922</u>	<u>\$ (74,230)</u>	<u>\$ -</u>	<u>\$ (69,308)</u>	<u>\$ (45,068)</u>

Town of Princeton, North Carolina
Barefoot Endowment Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Investment earnings		\$ 348	
Unrealized gains		504	
Total revenues	<u>\$ 2,784</u>	<u>852</u>	<u>\$ (1,932)</u>
Revenues over expenditures	<u>2,784</u>	<u>852</u>	<u>(1,932)</u>
Expenditures	2,784	-	2,784
Net change in fund balance	<u><u>\$ -</u></u>	852	<u><u>\$ 852</u></u>
Fund balance:			
Beginning of year, July 1		<u>23,388</u>	
End of year, June 30		<u><u>\$ 24,240</u></u>	

Town of Princeton, North Carolina
Golden Leaf Beaver Dam Ditch Repair Grant Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
Golden leaf foundation grant	\$ 497,874	\$ 51,266	\$ -	\$ 51,266	\$ (446,608)
Total revenues	<u>497,874</u>	<u>51,266</u>	<u>-</u>	<u>51,266</u>	<u>(446,608)</u>
Expenditures:					
Economic and physical development:					
Engineering fees	54,420	44,844	1,500	46,344	8,076
Legal fees	4,000	-	-	-	4,000
Construction administration	39,510	-	-	-	39,510
Beaver dam construction project	399,944	-	-	-	399,944
Total expenditures	<u>497,874</u>	<u>44,844</u>	<u>1,500</u>	<u>46,344</u>	<u>451,530</u>
Revenues over expenditures	<u>-</u>	<u>6,422</u>	<u>(1,500)</u>	<u>4,922</u>	<u>4,922</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,422</u>	<u>(1,500)</u>	<u>\$ 4,922</u>	<u>\$ 4,922</u>
Fund Balance:					
Beginning of Year, July 1			<u>6,422</u>		
End of Year, June 30			<u>\$ 4,922</u>		

Town of Princeton, North Carolina
Golden Leaf Downtown Drainage Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
Golden leaf foundation grant	\$ 555,135	\$ 60,655	\$ -	\$ 60,655	\$ (494,480)
Total revenues	<u>555,135</u>	<u>60,655</u>	<u>-</u>	<u>60,655</u>	<u>(494,480)</u>
Expenditures:					
Economic and physical development:					
Engineering fees	65,200	48,995	79,770	128,765	(63,565)
Legal fees	4,000	-	4,040	4,040	(40)
Construction administration	30,000	2,080	-	2,080	27,920
Downtown drainage construction contract	455,935	-	-	-	455,935
Total expenditures	<u>555,135</u>	<u>51,075</u>	<u>83,810</u>	<u>134,885</u>	<u>420,250</u>
Revenues over expenditures	<u>-</u>	<u>9,580</u>	<u>(83,810)</u>	<u>(74,230)</u>	<u>(74,230)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,580</u>	<u>(83,810)</u>	<u>\$ (74,230)</u>	<u>\$ (74,230)</u>
Fund Balance:					
Beginning of Year, July 1			9,580		
End of Year, June 30			<u>\$ (74,230)</u>		

Town of Princeton, North Carolina
Community Building Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
Local grant	\$ -	\$ 25,760	\$ -	\$ 25,760	\$ 25,760
Total revenues	-	25,760	-	25,760	25,760
Expenditures:					
Cultural and recreation:					
Professional fees - architect	-	25,760	-	25,760	(25,760)
Total expenditures	-	25,760	-	25,760	(25,760)
Revenues over expenditures	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			<u>\$ -</u>		

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Water and sewer sales		\$ 672,343	
Taps and connection fees		28,000	
Capacity fees		34,400	
Other fees		8,680	
Total operating revenues	\$ 721,750	743,423	\$ 21,673
Nonoperating Revenues			
Investment earnings		10,226	
Total Nonoperating revenues	10,223	10,226	3
Total Revenues	731,973	753,649	21,676
Expenditures:			
Operating expenditures:			
Salaries and employee benefits		199,363	
County water purchased		144,358	
Repairs and maintenance		119,628	
Other		109,275	
Total operating expenditures	649,831	572,624	77,207
Capital Outlay	7,000	6,244	756
Debt Service:			
Principal retirement		89,419	
Interest and other charges		8,654	
Total debt service	117,142	98,073	19,069
Total Expenditures	773,973	676,941	97,032
Revenues Over (Under) Expenditures	(42,000)	76,708	118,708
Revenues and Other Sources Over (Under) Expenses and Other Uses	(42,000)	76,708	118,708
Appropriated Fund Balance	42,000	-	(42,000)
Revenues, Other Sources and Appropriated Fund Balance Over (Under)			
Expenditures and Other Uses	\$ -	\$ 76,708	\$ 76,708

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

Revenues, Other Sources and Appropriated Fund Balance Over (Under)	
Expenditures and Other Uses	\$ 76,708
Reconciling items:	
Principal retirement	89,419
Capital outlay	6,244
(Increase) decrease in accrued vacation	(5,061)
(Increase) decrease in net pension liability	(23,652)
Increase (decrease) in deferred outflows of resources for pensions	10,830
(Increase) decrease in deferred inflows of resources for pensions	1,635
Depreciation	(159,052)
Total reconciling items	(79,637)
Change in net position	\$ (2,929)

Town of Princeton, North Carolina
2017 Water and Sewer Rehab Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental:					
USDA grant funds	\$ 840,000	\$ -	\$ -	\$ -	\$ (840,000)
USDA loan funds	310,000	40,878	-	40,878	(269,122)
Local contribution	7,202	7,202	-	7,202	-
Total revenues	<u>1,157,202</u>	<u>48,080</u>	<u>-</u>	<u>48,080</u>	<u>(1,109,122)</u>
Expenditures:					
Water and sewer infrastructure:					
Engineering - basic	158,000	48,080	-	48,080	109,920
Legal fees	10,000	-	-	-	10,000
Construction	877,820	-	-	-	877,820
Contingency	84,782	-	-	-	84,782
Miscellaneous	26,600	-	-	-	26,600
Total expenditures	<u>1,157,202</u>	<u>48,080</u>	<u>-</u>	<u>48,080</u>	<u>1,109,122</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of Year, July 1			<u>-</u>		
End of Year, June 30			<u>\$ -</u>		

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Princeton, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 01, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 523,483	\$ 521,527	\$ 1,956
2019-2020	4,655	-	3,008	1,647
2018-2019	366	-	-	366
2017-2018	202	-	-	202
2016-2017	202	-	-	202
2015-2016	198	-	-	198
2014-2015	229	-	-	229
2013-2014	2	-	-	2
2012-2013	119	-	-	119
	<u>\$ 5,973</u>	<u>\$ 523,483</u>	<u>\$ 524,535</u>	<u>\$ 4,921</u>
Ad Valorem taxes receivable, net				<u>4,921</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				\$ 527,734
Reconciling items:				
Interest collected				(1,689)
Releases, adjustments, fees				(1,510)
Total ad valorem collections				<u>\$ 524,535</u>

Town of Princeton, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2021

	Town- wide levy			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 93,479,107	\$ 0.56	\$ 523,483	\$ 466,432	\$ 57,051
Total Original Levy	<u>93,479,107</u>		<u>523,483</u>	<u>466,432</u>	<u>57,051</u>
Total for Year	<u>\$ 93,479,107</u>		523,483	466,432	57,051
Uncollected taxes at June 30, 2021			<u>(1,956)</u>	<u>(1,956)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 521,527</u>	<u>\$ 464,476</u>	<u>\$ 57,051</u>
Current levy collection percentage			<u>99.63%</u>	<u>99.58%</u>	<u>100.00%</u>