

**TOWN OF ROBERSONVILLE,
NORTH CAROLINA**

FINANCIAL STATEMENTS

*As of June 30, 2021 and 2020 and for the Fiscal Year Ended
June 30, 2021*

And Reports of Independent Auditor

TOWN OF ROBERSONVILLE, NORTH CAROLINA
TOWN COUNCIL AND OFFICERS

TOWN COUNCIL MEMBERS

Mrs. Debra Hines Armstrong

Ms. Chiquita Ward

Mr. Glen Cowan

Mr. Eugene B. Roberson, Jr.

Mr. Claudie Wilkins

MAYOR

Ms. Tina Brown

TOWN MANAGER

Mr. Steve Harrell

FINANCE OFFICER

Ms. Becky Dzingeleski

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FINANCIAL SECTION

Report of Independent Auditor

Honorable Mayor and Town Board of Commissioners
Town of Robersonville
Robersonville, 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 Robersonville (the "Town") as of June 30, 2021 and 2020 and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Aggregate remaining funds	Unmodified
Electric Fund	Qualified
Water Fund	Qualified
Sewer Fund	Qualified

Basis for Qualified Opinions on Business-Type Activities, Electric, Water, and Sewer Funds

We did not observe the taking of the physical inventories at June 30, 2021 and 2020 (stated at \$189,422 and \$189,424, respectively), since those dates were prior to the time we were initially engaged as auditors for the Town. We were unable to obtain sufficient appropriate audit evidence about inventory quantities and values by other auditing procedures.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Business Type Activities, Electric, Water, and Sewer Funds* section of our report, the basic financial statements referred to above present fairly, in all material respects, the financial position of business-type activities, electric, water, and sewer funds of the Town as of June 30, 2021 and 2020, and the changes in financial position thereof for the year ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund other than the electric, water, and sewer funds, and the aggregate remaining fund information of the Town as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended June 30, 2021 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 and the required supplementary information, as listed in the table of contents, 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 Town's basic financial statements. The individual fund schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund 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. In our opinion, based on our audit, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Raleigh, North Carolina
June 6, 2024

TOWN OF ROBERSONVILLE, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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

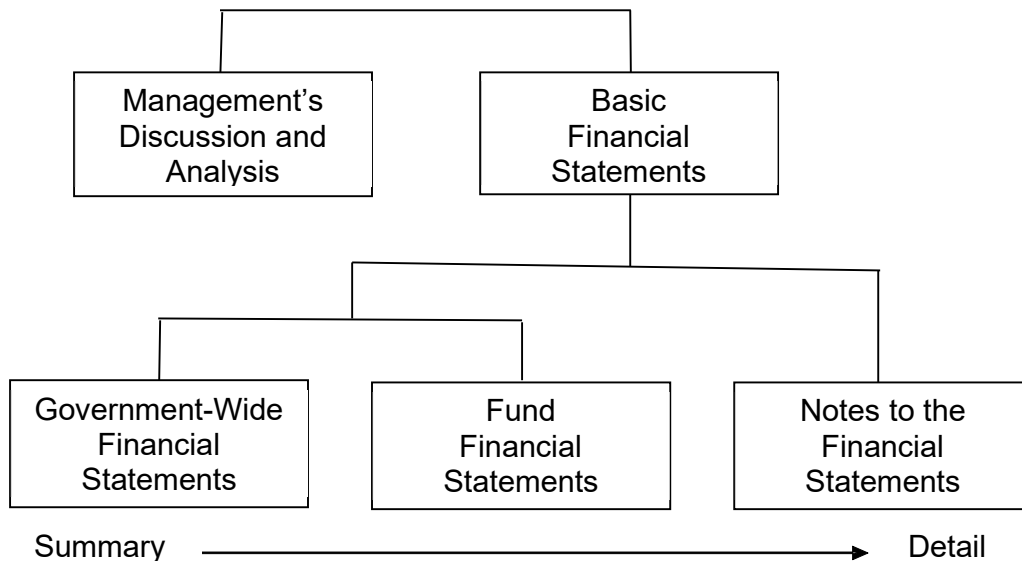
Financial Highlights

- The assets and deferred outflows of resources of the Town of Robersonville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,900,868 (net position).
- The Town's total net position increased by \$163,995, primarily due to diligent cost-saving measures.
- As of the close of the current fiscal year, the Town of Robersonville's governmental funds reported combined ending fund balances of \$7,889 with a net increase of \$328,411.
- The Town of Robersonville's total long-term obligations increased by \$211,117 (4%) during the current fiscal year. The key factors in this increase were an increase of \$106,511 in the net pension liability for the Local Government Employees' Retirement System (LGERS) and \$394,537 in Other Post-Employment Benefits (OPEB). Increases were offset by planned debt service principal payments of \$335,735.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Robersonville'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 Robersonville.

Required Components of Annual Financial Report
Figure 1



TOWN OF ROBERSONVILLE, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Basic Financial Statements

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

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

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

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 the water, sewer, and electric services offered by the Town of Robersonville.

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

Fund Financial Statements

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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 Robersonville 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 Town Council 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 council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Robersonville's progress in funding its obligation to provide other postemployment benefits to its employees. Required supplementary information can be found beginning on page 65 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from , or associated with Martin County, 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, federal, state and Martin county appropriations.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Government-Wide Financial Analysis

The Town of Robersonville's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 381,819	\$ 374	\$ 5,602,128	\$ 5,138,891	\$ 5,983,947	\$ 5,139,265
Capital assets	1,971,932	2,144,845	13,440,310	13,942,873	15,412,242	16,087,718
Deferred outflows of resources	453,798	201,748	300,890	242,316	754,688	444,064
Total Assets and Deferred Outflows of Resources	<u>2,807,549</u>	<u>2,346,967</u>	<u>19,343,328</u>	<u>19,324,080</u>	<u>22,150,877</u>	<u>21,671,047</u>
Liabilities						
Long-term liabilities	1,821,255	1,720,726	3,640,116	3,651,858	5,461,371	5,372,584
Other liabilities	232,638	47,522	388,762	299,642	621,400	347,164
Deferred inflows of resources	104,408	108,804	62,831	105,622	167,239	214,426
Total Liabilities and Deferred Inflows of Resources	<u>2,158,301</u>	<u>1,877,052</u>	<u>4,091,709</u>	<u>4,057,122</u>	<u>6,250,010</u>	<u>5,934,174</u>
Net Position						
Net investment in capital assets	1,614,650	1,669,175	10,882,986	11,137,016	12,497,636	12,806,191
Restricted	23,694	-	-	-	23,694	-
Unrestricted	(989,095)	(1,199,260)	4,368,633	4,129,942	3,379,538	2,930,682
Total Net Position	<u>\$ 649,249</u>	<u>\$ 469,915</u>	<u>\$ 15,251,619</u>	<u>\$ 15,266,958</u>	<u>\$ 15,900,868</u>	<u>\$ 15,736,873</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Robersonville exceeded liabilities and deferred inflows by \$15,900,868 as of June 30, 2021. The Town's net position increased by \$179,334 for the fiscal year ended June 30, 2021. However, the largest portion \$12,497,636 (78.60%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Robersonville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Robersonville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Robersonville's net position, \$23,694, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,379,538 is unrestricted.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Town of Robersonville's Changes in Net Position
Figure 3

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
	<u>2021</u>	<u>2021</u>	<u>2021</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 170,228	\$ 3,816,177	\$ 3,986,405
Grants and Contributions:			
Operating	427,570	-	427,570
Capital			-
General Revenues:			
Property taxes	616,486		616,486
Other taxes	348,006		348,006
Grants and contributions not restricted to specific programs	-		-
Other	114,645	13,385	128,030
Total Revenues	<u>1,676,935</u>	<u>3,829,562</u>	<u>5,506,497</u>
Expenses:			
General government	254,247	-	254,247
Public safety	877,843	-	877,843
Transportation	79,291	-	79,291
Economic development	138,921	-	138,921
Cultural and recreation	124,815	-	124,815
Interest on long-term debt	22,484		22,484
Electric	-	2,348,085	2,348,085
Water	-	495,076	495,076
Sewer	-	1,001,740	1,001,740
Total Expenses	<u>1,497,601</u>	<u>3,844,901</u>	<u>5,342,502</u>
Increase (decrease) in net position	<u>179,334</u>	<u>(15,339)</u>	<u>163,995</u>
Net Position, July 1	<u>469,915</u>	<u>15,266,958</u>	<u>15,736,873</u>
Net position, June 30	<u>\$ 649,249</u>	<u>\$ 15,251,619</u>	<u>\$ 15,900,868</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Financial Analysis of the Town's Funds

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

Governmental Funds

The focus of the Town of Robersonville'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 Robersonville's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Robersonville. At the end of the current fiscal year, the Town of Robersonville had no fund balance available in the General Fund, however total Governmental fund balance was \$7,889. The Town's General fund currently has no available fund balance, while total Governmental fund balance represents 0.65% of general fund expenditures.

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. Several amendments to the General Fund increased revenues by \$62,917.

Proprietary Funds

The Town of Robersonville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$3,457,898, for the Water Fund, \$1,699,370, and for the Sewer Fund, (\$788,635). The total change in net position for the Electric Fund was an increase of \$172,489. The total change in net position for the Water Fund was an increase of \$92,551. The total change in net position for the Sewer Fund was a decrease of \$280,379.

Capital Asset and Debt Administration

Capital Assets

The Town of Robersonville's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$15,412,242 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 180,461	\$ 180,461	\$ 220,163	\$ 220,163	\$ 400,624	\$ 400,624
Buildings and systems	500,040	533,176	13,026,225	13,489,692	13,526,265	14,022,868
Other improvements	343,415	362,878	-	-	343,415	362,878
Equipment	155,104	177,102	121,148	147,229	276,252	324,331
Vehicles	792,912	891,228	72,774	85,790	865,686	977,018
Total	\$ 1,971,932	\$ 2,144,845	\$ 13,440,310	\$ 13,942,874	\$ 15,412,242	\$ 16,087,719

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

Long-term Debt

As of June 30, 2021, the Town of Robersonville had total debt outstanding of \$5,583,760. Of this, \$2,536,241 is Clean Water State Revolving Fund loans, and capital leases in the amount of \$378,365. The remaining debt of \$2,669,154 is personnel related: compensated absences, OPEB, and pension related debt.

Town of Robersonville's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Capitalized leases	\$ 357,282	\$ 475,670	\$ 21,083	\$ 43,036	\$ 378,365	\$ 518,706
CWSRF loan	-	-	2,536,241	2,719,960	2,536,241	2,719,960
Installment purchase	-	-	-	11,675	-	11,675
Compensated absences	32,381	36,081	20,528	27,378	52,909	63,459
OPEB	1,183,397	956,153	871,196	703,903	2,054,593	1,660,056
Pension related debt (LGERS)	259,538	198,190	191,068	145,905	450,606	344,095
Pension related debt (LEO)	111,046	54,632	-	-	111,046	54,632
Total	\$ 1,943,644	\$ 1,720,726	\$ 3,640,116	\$ 3,651,857	\$ 5,583,760	\$ 5,372,583

TOWN OF ROBERSONVILLE, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

Town of Robersonville's Outstanding Debt

The Town of Robersonville's total debt decreased by \$335,735 during the past fiscal year, due to repayment of principal of debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Robersonville is \$6,825,022.

Additional information regarding the Town of Robersonville's long-term debt can be found in the notes to the financial statements.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities

The Town's tax rate will remain unchanged at \$.70 per \$100 of assessed value.

Business-Type Activities

The Town's Enterprise operations maintain their user fee rates from the previous year. Rate studies, however, are underway and rates may require some adjustments and/or modifications based on the results of these studies.

Requests for Information

This report is designed to provide an overview of the Town of Robersonville's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Chris Roberson, P.O. Box 487, Robersonville, NC 27871 or by calling 252-508-0311.

BASIC FINANCIAL STATEMENTS

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION

Exhibit 1

JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments - unrestricted	\$ 500,976	\$ 4,208,799	\$ 4,709,775
Cash and investments - restricted	23,694	116,248	139,942
Receivables:			
Taxes receivable (net)	263,683	-	263,683
Accounts receivable (net)	-	450,713	450,713
Due from other governments	150,349	80,063	230,412
Internal balances	(556,883)	556,883	-
Inventory	-	189,422	189,422
Capital Assets:			
Land and other non-depreciable assets	180,461	220,163	400,624
Other capital assets, net of depreciation	1,791,471	13,220,147	15,011,618
Capital Assets (net)	<u>1,971,932</u>	<u>13,440,310</u>	<u>15,412,242</u>
Total Assets	<u>2,353,751</u>	<u>19,042,438</u>	<u>21,396,189</u>
Deferred Outflows of Resources			
Pension and OPEB deferrals	<u>453,798</u>	<u>300,890</u>	<u>754,688</u>
Liabilities			
Accounts payable and accrued liabilities	110,248	266,170	376,418
Payroll related liabilities	-	6,344	6,344
Liabilities payable from restricted assets:			
Customer deposits	-	116,248	116,248
Long-Term Liabilities:			
Due within one year	122,390	196,618	319,008
Due in more than one year	1,821,254	3,443,498	5,264,752
Total Liabilities	<u>2,053,892</u>	<u>4,028,878</u>	<u>6,082,770</u>
Deferred Inflows of Resources			
Pension and OPEB deferrals	<u>104,408</u>	<u>62,831</u>	<u>167,239</u>
Net Position			
Net investment in capital assets	1,614,650	10,882,986	12,497,636
Restricted for:			
Stabilization by State Statute	-	-	-
Streets	13,694	-	13,694
Community Development	10,000	-	10,000
Unrestricted (deficit)	(989,095)	4,368,633	3,379,538
Total Net Position	<u>\$ 649,249</u>	<u>\$ 15,251,619</u>	<u>\$ 15,900,868</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION

Exhibit 1a

JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments - unrestricted	\$ 130,917	\$ 3,736,559	\$ 3,867,476
Cash and investments - restricted	-	106,461	106,461
Receivables:			
Taxes receivable (net)	273,374	-	273,374
Accounts receivable (net)	-	454,417	454,417
Due from other governments	165,723	80,063	245,786
Internal balances	(571,967)	571,967	-
Inventory	2,327	189,424	191,751
Capital Assets:			
Land and other non-depreciable assets	180,461	220,163	400,624
Other capital assets, net of depreciation	1,964,384	13,722,710	15,687,094
Capital Assets (net)	<u>2,144,845</u>	<u>13,942,873</u>	<u>16,087,718</u>
Total Assets	<u>2,145,219</u>	<u>19,081,764</u>	<u>21,226,983</u>
Deferred Outflows of Resources			
Pension and OPEB deferrals	<u>201,748</u>	<u>242,316</u>	<u>444,064</u>
Liabilities			
Accounts payable and accrued liabilities	47,522	193,181	240,703
Payroll related liabilities	-	-	-
Liabilities payable from restricted assets:			
Customer deposits	-	106,461	106,461
Long-Term Liabilities:			
Due within one year	118,388	216,477	334,865
Due in more than one year	1,602,338	3,435,381	5,037,719
Total Liabilities	<u>1,768,248</u>	<u>3,951,500</u>	<u>5,719,748</u>
Deferred Inflows of Resources			
Pension and OPEB deferrals	<u>108,804</u>	<u>105,622</u>	<u>214,426</u>
Net Position			
Net investment in capital assets	1,669,175	11,137,016	12,806,191
Restricted for:			
Stabilization by State Statute	-	-	-
Streets	-	-	-
Community Development	-	-	-
Unrestricted (deficit)	<u>(1,199,260)</u>	<u>4,129,942</u>	<u>2,930,682</u>
Total Net Position	<u>\$ 469,915</u>	<u>\$ 15,266,958</u>	<u>\$ 15,736,873</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES

Exhibit 2

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Government Wide
Governmental Activities:							
General government	\$ 254,247	\$ 42,486	\$ 1,034	\$ -	\$ (210,727)	\$ -	\$ (210,727)
Public safety	877,843	115,165	228,117	-	(534,561)	-	(534,561)
Transportation	79,291	-	49,498	-	(29,793)	-	(29,793)
Economic and physical development	138,921	-	148,921	-	10,000	-	10,000
Cultural and recreation	124,815	12,577	-	-	(112,238)	-	(112,238)
Interest on long-term debt	22,484	-	-	-	(22,484)	-	(22,484)
Total governmental activities	<u>1,497,601</u>	<u>170,228</u>	<u>427,570</u>	<u>-</u>	<u>(899,803)</u>	<u>-</u>	<u>(899,803)</u>
Business-type Activities:							
Electric	2,348,085	2,507,190	-	-	-	159,105	159,105
Water	495,076	587,626	-	-	-	92,550	92,550
Sewer	1,001,740	721,361	-	-	-	(280,379)	(280,379)
Total business-type activities	<u>3,844,901</u>	<u>3,816,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,724)</u>	<u>(28,724)</u>
Total government-wide	<u>\$ 5,342,502</u>	<u>\$ 3,986,405</u>	<u>\$ 427,570</u>	<u>\$ -</u>	<u>(899,803)</u>	<u>(28,724)</u>	<u>(928,527)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					616,486	-	616,486
Other taxes					348,006	-	348,006
Unrestricted investment earnings					707	2,802	3,509
Miscellaneous					113,938	10,583	124,521
Total General Revenues					<u>1,079,137</u>	<u>13,385</u>	<u>1,092,522</u>
Change in Net Position					179,334	(15,339)	163,995
Net Position:							
Beginning balance					<u>469,915</u>	<u>15,266,958</u>	<u>15,736,873</u>
Ending balance					<u>\$ 649,249</u>	<u>\$ 15,251,619</u>	<u>\$ 15,900,868</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
BALANCE SHEET – GOVERNMENTAL FUNDS

Exhibit 3

JUNE 30, 2021

	<u>MAJOR</u>	<u>NON-MAJOR</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>
Assets			
Cash and investments - unrestricted	500,976	\$ -	\$ 500,976
Cash and investments - restricted	13,694	10,000	23,694
Receivables, net:			
Taxes	263,683	-	263,683
Due from other governments	150,349	-	150,349
Due from other funds	29,117	39,330	68,447
Total Assets	<u>\$ 957,819</u>	<u>\$ 49,330</u>	<u>\$ 1,007,149</u>
Liabilities			
Accounts payable and accrued liabilities	70,917	\$ 39,330	\$ 110,247
Due to other funds	39,330	-	39,330
Advance from other funds	586,000	-	586,000
Total Liabilities	<u>696,247</u>	<u>39,330</u>	<u>735,577</u>
Deferred Inflows of Resources			
Property taxes receivable	<u>263,683</u>	<u>-</u>	<u>263,683</u>
Fund Balances			
Restricted			
Stabilization by State Statute	-	-	-
Streets	13,694	-	13,694
Community Development	-	10,000	10,000
Unassigned	<u>(15,805)</u>	<u>-</u>	<u>(15,805)</u>
Total Fund Balance	<u>(2,111)</u>	<u>10,000</u>	<u>7,889</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 957,819</u>	<u>\$ 49,330</u>	<u>\$ 1,007,149</u>

(continued)

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 3 (cont.)

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION***JUNE 30, 2021*

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1)
are different because:

Total Fund Balance, Governmental Funds	\$	7,889
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$	4,884,311
Accumulated depreciation		<u>(2,912,379)</u>
		1,971,932
Deferred outflows of resources related to pensions are not reported in the funds		453,798
Earned revenues considered deferred inflows of resources in fund statements.		263,683
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).		(357,283)
Net pension liability		(259,538)
Total pension liability		(111,046)
Other Post Employment Benefits liability		(1,183,397)
Compensated absences		(32,381)
Deferred inflows of resources related to pensions are not reported in the funds		(104,408)
Net Position of Governmental Activities	<u>\$</u>	<u>649,249</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
BALANCE SHEET – GOVERNMENTAL FUNDS

Exhibit 3a

JUNE 30, 2020

	General Fund
Assets	
Cash and investments - unrestricted	\$ 130,917
Inventories	2,327
Receivables, net:	
Taxes	273,374
Due from other governments	165,723
Due from other funds	14,033
Total Assets	\$ 586,374
Liabilities	
Accounts payable and accrued liabilities	\$ 47,522
Advance from other funds	586,000
Total Liabilities	633,522
Deferred Inflows of Resources	
Property taxes receivable	273,374
Fund Balances	
Non Spendable	
Inventories	2,327
Restricted	
Stabilization by State Statute	-
Unassigned	(322,849)
Total Fund Balance	(320,522)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 586,374

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 3a (cont.)

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2020

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

Total Fund Balance, Governmental Funds	\$	(320,522)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	\$	4,884,311
Accumulated depreciation		<u>(2,739,466)</u>
		2,144,845
Deferred outflows of resources related to pensions are not reported in the funds		201,748
Earned revenues considered deferred inflows of resources in fund statements.		273,374
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)		(475,670)
Net pension liability		(198,190)
OPEB liability		(956,153)
Total pension liability		(54,632)
Compensated absences		(36,081)
Deferred inflows of resources related to pensions are not reported in the funds		(108,804)
		<u> </u>
Net Position of Governmental Activities	<u>\$</u>	<u>469,915</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad Valorem Taxes	\$ 626,177	\$ -	\$ 626,177
Other Taxes and Licenses	5	-	5
Unrestricted Intergovernmental	576,118	-	576,118
Restricted Intergovernmental	50,532	148,921	199,453
Sales and Services	170,228	-	170,228
Investment earnings	707	-	707
Miscellaneous	65,204	-	65,204
Total Revenues	<u>1,488,971</u>	<u>148,921</u>	<u>1,637,892</u>
Expenditures:			
Current:			
General Government	222,655	-	222,655
Public Safety	709,432	-	709,432
Transportation	53,762	-	53,762
Cultural and Recreational	92,571	-	92,571
Economic and Physical Development	-	138,921	138,921
Debt Service:			
Principal	118,388	-	118,388
Interest and other charges	22,484	-	22,484
Total Expenditures	<u>1,219,292</u>	<u>138,921</u>	<u>1,358,213</u>
Revenues over Expenditures	269,679	10,000	279,679
Other Financing Sources:			
Insurance proceeds	48,732	-	48,732
Net Change in Fund Balance	318,411	10,000	328,411
Fund Balances (Deficit):			
Beginning of Year	<u>(320,522)</u>	<u>-</u>	<u>(320,522)</u>
End of Year	<u>\$ (2,111)</u>	<u>\$ 10,000</u>	<u>\$ 7,889</u>

(continued)

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 4 (cont.)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*YEAR ENDED JUNE 30, 2021*

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds	\$ 328,411
Governmental funds report capital outlay 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 depreciation exceeds capital outlay in the current period.	
Depreciation expense for governmental assets	(172,913)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	(45,578)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	(9,691)
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.	
Principal payments on long-term debt	118,388
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	3,700
Pension expense	962
Other postemployment benefits	(43,945)
Other adjustments	-
Total Change in Net Position of Governmental Activities	<u>\$ 179,334</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
ANNUAL BUDGET AND ACTUAL – GENERAL FUND

Exhibit 5

YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Ad Valorem Taxes	\$ 607,640	\$ 607,640	\$ 626,177	\$ 18,537
Other Taxes and Licenses	100	100	5	(95)
Unrestricted Intergovernmental	499,430	502,430	576,118	73,688
Restricted Intergovernmental	56,100	56,100	50,532	(5,568)
Sales and Services	163,920	175,550	170,228	(5,322)
Investment earnings	2,200	2,200	707	(1,493)
Miscellaneous	35,000	35,544	65,204	29,660
Total Revenues	<u>1,364,390</u>	<u>1,379,564</u>	<u>1,488,971</u>	<u>109,407</u>
Expenditures:				
Current:				
General Government	235,185	232,316	222,655	9,661
Public Safety	951,155	864,375	709,432	154,943
Transportation	62,000	62,000	53,762	8,238
Cultural and Recreational	116,050	127,734	92,571	35,163
Debt Service:				
Principal	-	118,388	118,388	-
Interest and other charges	-	22,484	22,484	-
Total Expenditures	<u>1,364,390</u>	<u>1,427,297</u>	<u>1,219,292</u>	<u>208,005</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(47,733)</u>	<u>269,679</u>	<u>317,412</u>
Other Financing Sources:				
Insurance Proceeds	<u>-</u>	<u>47,733</u>	<u>48,732</u>	<u>999</u>
Net change in fund balance (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>318,411</u>	<u>\$ 318,411</u>
Fund Balance (Deficit):				
Beginning of Year			<u>(320,522)</u>	
End of Year			<u>\$ (2,111)</u>	

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION –
PROPRIETARY FUNDS

Exhibit 6

JUNE 30, 2021

	Electric Fund	Water Fund	Sewer Fund	Totals
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,430,583	\$ 1,452,427	\$ (674,211)	\$ 4,208,799
Accounts receivable (net)	260,889	88,470	101,354	450,713
Due from other governments	-	-	80,063	80,063
Due from other funds	-	426,005	167,662	593,667
Inventory	134,140	50,496	4,786	189,422
Restricted cash and cash equivalents	116,248	-	-	116,248
Total Current Assets	<u>3,941,860</u>	<u>2,017,398</u>	<u>(320,346)</u>	<u>5,638,912</u>
Noncurrent Assets:				
Advance to other funds	586,000	-	-	586,000
Capital assets:				
Land and construction in progress	-	58,313	161,850	220,163
Other capital assets, net of depreciation	267,347	1,094,691	11,858,109	13,220,147
Capital assets	<u>267,347</u>	<u>1,153,004</u>	<u>12,019,959</u>	<u>13,440,310</u>
Total Noncurrent Assets	<u>853,347</u>	<u>1,153,004</u>	<u>12,019,959</u>	<u>14,026,310</u>
Total Assets	<u>4,795,207</u>	<u>3,170,402</u>	<u>11,699,613</u>	<u>19,665,222</u>
Deferred Outflows of Resources				
Pension and OPEB deferrals	151,125	108,235	41,530	300,890
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	193,818	11,945	60,407	266,170
Accrued payroll	3,172	3,172	-	6,344
Due to other funds	334,111	-	288,673	622,784
CWSRF loan - current	-	-	183,719	183,719
Capital lease payable - current	9,291	3,608	-	12,899
Liabilities payable from restricted assets:				
Customer deposits	116,248	-	-	116,248
Total Current Liabilities	<u>656,640</u>	<u>18,725</u>	<u>532,799</u>	<u>1,208,164</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION –
PROPRIETARY FUNDS (CONTINUED)

Exhibit 6

JUNE 30, 2021

	Electric Fund	Water Fund	Sewer Fund	Totals
Liabilities (Continued)				
Noncurrent Liabilities:				
Other postemployment benefits	\$ 437,566	\$ 313,383	\$ 120,247	\$ 871,196
Compensated absences payable	8,649	6,431	5,448	20,528
Net pension liability	95,966	68,730	26,372	191,068
CWSRF loan	-	-	2,352,522	2,352,522
Capital lease payable	8,184	-	-	8,184
Total Noncurrent Liabilities	<u>550,365</u>	<u>388,544</u>	<u>2,504,589</u>	<u>3,443,498</u>
Total Liabilities	<u>1,207,005</u>	<u>407,269</u>	<u>3,037,388</u>	<u>4,651,662</u>
Deferred Inflows of Resources				
Pension deferrals	<u>31,557</u>	<u>22,602</u>	<u>8,672</u>	<u>62,831</u>
Net Position				
Net investment in capital assets	249,872	1,149,396	9,483,718	10,882,986
Unrestricted	<u>3,457,898</u>	<u>1,699,370</u>	<u>(788,635)</u>	<u>4,368,633</u>
Total Net Position	<u>\$ 3,707,770</u>	<u>\$ 2,848,766</u>	<u>\$ 8,695,083</u>	<u>\$ 15,251,619</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION –
PROPRIETARY FUNDS

Exhibit 6a

JUNE 30, 2020

	Electric Fund	Water Fund	Sewer Fund	Totals
Assets				
Current Assets:				
Cash and cash equivalents	\$ 2,902,018	\$ 1,371,790	\$ (537,249)	\$ 3,736,559
Accounts receivable (net)	264,902	77,545	111,970	454,417
Due from other governments	-	-	80,063	80,063
Due from other funds	(96,473)	325,630	45,483	274,640
Inventory	134,144	50,495	4,785	189,424
Restricted cash and cash equivalents	106,461	-	-	106,461
Total Current Assets	3,311,052	1,825,460	(294,948)	4,841,564
Noncurrent Assets:				
Advance to other funds	586,000	-	-	586,000
Capital assets:				
Land and construction in progress	-	58,313	161,850	220,163
Other capital assets, net of depreciation	294,513	1,160,936	12,267,261	13,722,710
Capital assets	294,513	1,219,249	12,429,111	13,942,873
Total Noncurrent Assets	880,513	1,219,249	12,429,111	14,528,873
Total Assets	4,191,565	3,044,709	12,134,163	19,370,437
Deferred Outflows of Resources				
Pension and OPEB deferrals	121,158	87,234	33,924	242,316
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	146,558	11,837	34,786	193,181
Due to other funds	-	-	288,673	288,673
CWSRF loan - current	-	-	183,719	183,719
Capital lease payable - current	17,475	3,608	11,675	32,758
Liabilities payable from restricted assets:				
Customer deposits	106,461	-	-	106,461
Total Current Liabilities	270,494	15,445	518,853	804,792

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF FUND NET POSITION –
PROPRIETARY FUNDS (CONTINUED)

Exhibit 6a

JUNE 30, 2020

	Electric Fund	Water Fund	Sewer Fund	Totals
Liabilities (Continued)				
Noncurrent Liabilities:				
Other postemployment benefits	\$ 353,542	\$ 253,205	\$ 97,156	\$ 703,903
Compensated absences payable	13,676	8,254	5,448	27,378
Net pension liability	73,282	52,484	20,139	145,905
CWSRF loan	-	-	2,536,242	2,536,242
Capital lease payable	13,637	8,316	-	21,953
Total Noncurrent Liabilities	<u>454,137</u>	<u>322,259</u>	<u>2,658,985</u>	<u>3,435,381</u>
Total Liabilities	<u>724,631</u>	<u>337,704</u>	<u>3,177,838</u>	<u>4,240,173</u>
Deferred Inflows of Resources				
Pension deferrals	<u>52,811</u>	<u>38,024</u>	<u>14,787</u>	<u>105,622</u>
Net Position				
Net investment in capital assets	267,344	1,172,197	9,697,475	11,137,016
Unrestricted	<u>3,267,937</u>	<u>1,584,018</u>	<u>(722,013)</u>	<u>4,129,942</u>
Total Net Position	<u>\$ 3,535,281</u>	<u>\$ 2,756,215</u>	<u>\$ 8,975,462</u>	<u>\$ 15,266,958</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 7

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2021

	Electric Fund	Water Fund	Sewer Fund	Totals
Operating Revenues:				
Charges for services	\$ 2,459,755	\$ 587,047	\$ 721,166	\$ 3,767,968
Other operating revenues	47,435	579	195	48,209
Total Operating Revenues	<u>2,507,190</u>	<u>587,626</u>	<u>721,361</u>	<u>3,816,177</u>
Operating Expenses:				
Salaries and benefits	225,167	196,382	60,457	482,006
Operating expenses	251,171	207,684	503,272	962,127
Other operating expenses	38,814	3,625	-	42,439
Bad debt expense	100,480	20,672	28,859	150,011
Purchase of electric power	1,703,710	-	-	1,703,710
Depreciation	27,167	66,245	409,152	502,564
Total Operating Expenses	<u>2,346,509</u>	<u>494,608</u>	<u>1,001,740</u>	<u>3,842,857</u>
Operating Income (Loss)	<u>160,681</u>	<u>93,018</u>	<u>(280,379)</u>	<u>(26,680)</u>
Nonoperating Revenues (Expenses):				
Interest and other charges	(1,576)	(468)	-	(2,044)
Investment earnings	2,801	1	-	2,802
Insurance proceeds	10,583	-	-	10,583
Nonoperating Revenues (Expenses), net	<u>11,808</u>	<u>(467)</u>	<u>-</u>	<u>11,341</u>
Changes in Net Position	172,489	92,551	(280,379)	(15,339)
Total Net Position:				
Beginning	3,535,281	2,756,215	8,975,462	15,266,958
Ending	<u>\$ 3,707,770</u>	<u>\$ 2,848,766</u>	<u>\$ 8,695,083</u>	<u>\$ 15,251,619</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Exhibit 8

YEAR ENDED JUNE 30, 2021

	Electric Fund	Water Fund	Sewer Fund	Totals
Cash Flows From Operating Activities:				
Cash received from customers	\$ 2,315,520	\$ 535,300	\$ 734,026	\$ 3,584,846
Cash paid for goods and services	(1,753,585)	(195,539)	(510,012)	(2,459,136)
Cash paid to employees	(259,392)	(149,966)	(43,403)	(452,761)
Net Cash Provided by Operating Activities	<u>302,543</u>	<u>189,795</u>	<u>180,611</u>	<u>672,949</u>
Cash Flows from Non-Capital Financing Activities:				
(Increase) decrease in due from other funds	-	(100,375)	(122,179)	(222,554)
Increase in due to other funds	237,638	-	-	237,638
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>237,638</u>	<u>(100,375)</u>	<u>(122,179)</u>	<u>15,084</u>
Cash Flows from Capital and Related Financing Activities:				
Principal paid on capital leases	(13,637)	(8,316)	-	(21,953)
Interest paid on capital leases	(1,576)	(468)	-	(2,044)
Principal paid on CWSRF Loan	-	-	(183,719)	(183,719)
Principal paid on Installment purchase	-	-	(11,675)	(11,675)
Interest paid on Installment purchase	-	-	-	-
Insurance proceeds	10,583	-	-	10,583
Net Cash Used for Capital and Related Financing Activities	<u>(4,630)</u>	<u>(8,784)</u>	<u>(195,394)</u>	<u>(208,808)</u>
Cash Flows from Investing Activities:				
Interest earned on investments	2,801	1	-	2,802
Net Cash Provided By Investing Activities	<u>2,801</u>	<u>1</u>	<u>-</u>	<u>2,802</u>
Net change in cash and cash equivalents	538,352	80,637	(136,962)	482,027
Cash and Cash Equivalents:				
Beginning of Year	3,008,479	1,371,790	(537,249)	3,843,020
End of Year	<u>\$ 3,546,831</u>	<u>\$ 1,452,427</u>	<u>\$ (674,211)</u>	<u>\$ 4,325,047</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)

Exhibit 8

YEAR ENDED JUNE 30, 2021

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Reconciliation of Operating Income (loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 160,681	\$ 93,018	\$ (280,379)	\$ (26,680)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	27,167	66,245	409,152	502,564
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivable	6,740	(8,713)	11,718	9,745
(Increase) decrease in deferred outflows of resources - pensions	5,061	3,625	1,392	10,078
Increase (decrease) in net pension liability	22,684	16,246	6,233	45,163
(Increase) decrease in deferred inflows of resources - pensions	(9,157)	(6,557)	(2,516)	(18,230)
(Increase) decrease in deferred outflows of resources - OPEB	(49,850)	(35,703)	(13,700)	(99,253)
Increase (decrease) in accounts payable	50,433	3,279	25,620	79,332
Increase (decrease) in customer deposits	9,787	-	-	9,787
Increase (decrease) in accrued vacation pay	(5,027)	(1,823)	-	(6,850)
Increase (decrease) in Total OPEB liability	84,024	60,178	23,091	167,293
Total Adjustments	<u>141,862</u>	<u>96,777</u>	<u>460,990</u>	<u>699,629</u>
Net Cash Provided by Operating Activities	<u>\$ 302,543</u>	<u>\$ 189,795</u>	<u>\$ 180,611</u>	<u>\$ 672,949</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Robersonville (the "Town") 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 Robersonville is a municipal corporation that is governed by an elected mayor and a five-member council. The Town has no component units, legally separate entities for which the Town is financially accountable.

B. BASIS OF PRESENTATION

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

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

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

General Fund

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

The Town reports the following non-major governmental fund:

CDBG Grant fund

This fund accounts for the CDBG grant proceeds received from the NC Department of Commerce.

The Town reports the following major enterprise funds:

Electric Fund

This fund is used to account for the Town's electric operations.

Water Fund

This fund is used to account for the Town's water operations.

Sewer Fund

This fund is used to account for the Town's sewer operations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Robersonville because the tax is levied by Martin 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. A project ordinance was adopted for the Community Development Block Grant. 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

<u>Town of Robersonville Restricted Cash</u>	<u>2021</u>	<u>2020</u>
Governmental Funds:		
General Fund - Streets	\$ 13,694	\$ -
Special Revenue Fund - Community Development	10,000	-
Business-Type Activities:		
Electric Fund - Customer deposits	116,248	106,461
	<u>\$ 139,942</u>	<u>\$ 106,461</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 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.

5. Allowance 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.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY (continued)

6. Inventory and Prepaid Items

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

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. Donated capital assets are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network, and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	50
Vehicles	3-5
Furniture and equipment	10
Computer equipment	10-20

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY (continued)

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 240 hours earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY (continued)

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non Spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town had no funds that met this criteria.

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 – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

 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 unexpended Powell Bill funds.

 Restricted for Community Development – portion of fund balance that is restricted by for purposes specified in the grant from the NC Department of Commerce.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Robersonville'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. The Town had no commitments of fund balance.

Assigned fund balance – portion of fund balance that the Town of Robersonville intends to use for specific purposes. The Town had no assignments of fund balance.

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY (continued)

11 Net Position/Fund Balances (continued)

The Town of Robersonville has no formal revenue spending policy. Management has the authority to use resources in the order it feels is in the best interest of the Town. For the purpose of fund balance classification, expenditures are considered spent from restricted fund balance first.

The Town of Robersonville has not adopted a minimum fund balance policy for the General fund, but monitors the percentage of fund balance to budgeted expenditures closely.

12. Defined Benefit Cost-Share Plan

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund ("FRSWPF") and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. SIGNIFICANT VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

1. Contractual Violations

The Contract to Audit Accounts for the Town of Robersonville states that all audits are to be performed and the report of audit submitted to the State and Local Government Finance Division within four months of the fiscal year end. The Town did not provide an annual audit for fiscal years ending June 30, 2018, 2019, and 2020. The fiscal year 2021 audit report was due on October 31, 2021. The submission of the audit report is substantially late in violation of the Contract to Audit Accounts. Management will work to timely prepare adjusted financial information in order for the audit report to be timely submitted.

2. Budgetary Violation

The Town of Robersonville failed to adopt a budget before June 30, as required by G.S. 159-13. Town management and the Board are aware of this requirement, and have established procedures to ensure that in the future, the budget is adopted before June 30.

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. LOCAL GOVERNMENT COMMISSION ASSUMES CONTROL OF TOWN'S FINANCES UNDER NCGS 159-181(C)

The Local Government Commission, on September 1, 2020, adopted a Resolution Giving Notice and Warning (the "Resolution") to the officers and the Town Council of their failure to comply with the provisions of the Local Government Budget and Fiscal Control Act, North Carolina General Statutes (N.C.G.S.), Chapter 159, Article 3 (the "Act"). The Town provided a response to the Resolution on September 29, 2020, that failed to adequately address the deficiencies noted in the Resolution and therefore did not fully comply with the requirements of the Resolution. The Town willfully or negligently continues to be out of compliance with certain provisions of the Act, including:

1. N.C.G.S. 159-34(a) which requires the Town to "...have its accounts audited as soon as possible after the close of each fiscal year" and submit the report to the LGC secretary; the Town has failed to submit an annual audit report for the 2018 and 2019 fiscal years and has therefore failed to comply with this provision;
2. N.C.G.S. 159-26 which requires the Town to "...establish and maintain an accounting system designed to show in detail its assets, liabilities, equities, revenues, and expenditures. The system shall also be designed to show appropriations and estimated revenues as established in the budget ordinance and each project ordinance as originally adopted and subsequently amended"; the Town has failed to comply with this provision;
3. N.C.G.S. 159-25(a)(1) which requires the Town finance officer to "keep the accounts of the local government or public authority in accordance with generally accepted principles of governmental accounting and the rules and regulations of the Commission"; the Town has failed to comply with this provision.

On October 6, 2020, the Commission assumed full control of all financial affairs of the Town and directed its Secretary to take the following actions:

1. To impound the books and records of the Town, assume control of the finances of the Town and oversee and direct all its financial affairs as set out in N.C.G.S. Chapter 159 and the rules of the Commission, specifically including, without limitation;
 - a. Acting pursuant to N.C.G.S. §159-26(a) to develop and execute a plan for the fiscal management of the Town, to maintain accounting records; to perform reconciliations and to establish a system of internal controls to ensure that account balances are correct.
2. To deliver to the Town, its officers, and Board of Commissioners this resolution from the Commission pursuant to the provisions of N.C.G.S. Chapter 159; and
3. To report to the Commission on the matters listed above and on the Town's readiness to comply with the requirements of N.C.G.S. Chapter 159 in order to provide a recommendation and time schedule for restoring the Town to fiscal health and returning to the Town control of its financial affairs.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$4,829,765 and a bank balance of \$4,872,872. 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 \$670.

At June 30, 2020, the Town's deposits had a carrying amount of \$3,867,476 and a bank balance of \$3,966,555. 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, 2020, the Town's petty cash fund totaled \$670.

2. Investments

At June 30, 2021, the Town of Robersonville had \$19,282 and \$14,226, respectively invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2021	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 19,282	\$ 14,226	N/A	AAAm

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

3. Receivables – 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:

<u>Fund</u>	<u>June 30, 2021</u>
General Fund:	
Taxes receivable	\$ 2,663
Enterprise Funds:	
Electric Fund	285,362
Water Fund	62,026
Sewer Fund	85,190
	<u>\$ 435,241</u>

4. Capital Assets

Primary Government

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 180,461	\$ -	\$ -	\$ 180,461
Capital assets being depreciated:				
Buildings	943,976	-	-	943,976
Other improvements	734,920	-	-	734,920
Equipment	639,005	-	-	639,005
Vehicles	2,385,949	-	-	2,385,949
	<u>4,703,850</u>	<u>-</u>	<u>-</u>	<u>4,703,850</u>
Less accumulated depreciation for:				
Buildings	410,800	33,136	-	443,936
Other improvements	372,042	19,463	-	391,505
Equipment	461,903	21,998	-	483,901
Vehicles	1,494,721	98,316	-	1,593,037
	<u>2,739,466</u>	<u>\$ 172,913</u>	<u>\$ -</u>	<u>2,912,379</u>
Total capital assets being depreciated, net	<u>1,964,384</u>			<u>1,791,471</u>
Governmental activities capital assets, net	<u>\$ 2,144,845</u>			<u>\$ 1,971,932</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

4. Capital Assets (continued)

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

General Government	\$ 25,799
Public Safety	111,414
Transportation	25,529
Cultural and Recreational	10,171
	<u>\$ 172,913</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Business-Type Activities:				
Electric Fund:				
Capital assets being depreciated:				
Substations, lines, and related equipment	\$ 962,044	\$ -	\$ -	\$ 962,044
Furniture and maintenance equipment	-	-	-	-
Vehicles	198,660	-	-	198,660
	<u>1,313,699</u>	<u>-</u>	<u>-</u>	<u>1,313,699</u>
Less accumulated depreciation for:				
Substations, lines, and related equipment	745,802	16,789	-	762,591
Furniture and maintenance equipment	116,596	3,522	-	120,118
Vehicles	156,787	6,856	-	163,643
	<u>1,019,185</u>	<u>\$ 27,167</u>	<u>\$ -</u>	<u>1,046,352</u>
Total capital assets being depreciated, net	<u>294,514</u>			<u>267,347</u>
Electric Fund capital assets, net	<u>294,514</u>			<u>267,347</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

4. Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Business-Type Activities (continued):</i>				
Water Fund:				
Capital assets not being depreciated:				
Land	58,313	\$ -	\$ -	58,313
Capital assets being depreciated:				
Plant and distribution systems	3,217,463	-	-	3,217,463
Furniture and maintenance equipment	315,298	-	-	315,298
Vehicles	172,988	-	-	172,988
	<u>3,705,749</u>	<u>-</u>	<u>-</u>	<u>3,705,749</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,191,768	45,663	-	2,237,431
Furniture and maintenance equipment	223,974	14,422	-	238,396
Vehicles	129,071	6,160	-	135,231
	<u>2,544,813</u>	<u>\$ 66,245</u>	<u>\$ -</u>	<u>2,611,058</u>
Total capital assets being depreciated, net	<u>1,160,936</u>			<u>1,094,691</u>
Water Fund capital assets, net	<u>1,219,249</u>			<u>1,153,004</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

4. Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Business-Type Activities (continued):</i>				
Sewer Fund:				
Capital assets not being depreciated:				
Land	161,850	\$ -	\$ -	161,850
Capital assets being depreciated:				
Plant and distribution systems	20,426,985	-	-	20,426,985
Furniture and maintenance equipment	356,719	-	-	356,719
Vehicles	34,619	-	-	34,619
	<u>20,818,323</u>	<u>-</u>	<u>-</u>	<u>20,818,323</u>
Less accumulated depreciation for:				
Plant and distribution systems	8,179,230	401,015	-	8,580,245
Furniture and maintenance equipment	337,213	8,137	-	345,350
Vehicles	34,619	-	-	34,619
	<u>8,551,062</u>	<u>\$ 409,152</u>	<u>\$ -</u>	<u>8,960,214</u>
Total capital assets being depreciated, net	<u>12,267,261</u>			<u>11,858,109</u>
Sewer Fund capital assets, net	<u>12,429,111</u>			<u>12,019,959</u>
Business-type activities capital assets, net	<u>\$ 13,942,874</u>			<u>\$ 13,440,310</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Robersonville 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 Robersonville's contractually required contribution rate for the year ended June 30, 2021 was 10.84% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Robersonville were \$79,131 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$450,606 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 0.01261% which was an increase of 0.00001% from its proportion measured as of June 30, 2019.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

For the year ended June 30, 2021, the Town recognized pension expense of \$210,841. 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 Intflows of Resources
Differences between expected and actual experience	\$ 56,904	\$ -
Changes in assumptions	33,534	-
Net difference between projected and actual earnings		
on pension plan investments	63,411	-
Changes in proportion and differences between Town		
contributions and proportionate share of contributions	84,717	1,420
Town contributions subsequent to the		
measurement date	79,131	-
	<u>\$ 317,697</u>	<u>\$ 1,420</u>

\$79,131 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:

<u>Years Ending June 30,</u>	
2022	\$ 87,739
2023	85,355
2024	45,286
2025	18,766
Total	<u>\$ 237,146</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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 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%
	100.0%	

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	<u>\$ 914,237</u>	<u>\$ 450,609</u>	<u>\$ 65,302</u>

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement offers Special Separation Allowance

1. Plan Description

The Town of Robersonville 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 service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	7
	<u>7</u>
	<u>7</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 criteria which are outlined in GASB Statements 73.

3. Actuarial Assumptions

The entry age actuarial cost method was 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	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement offers Special Separation Allowance (continued)

3. Actuarial Assumptions (continued)

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending 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. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. There were no contributions made by the Town for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the Town reported a total pension liability of \$111,046. 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 \$12,625.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,271	\$ 16,429
Changes in assumptions	43,811	2,636
	<u>\$ 45,082</u>	<u>\$ 19,065</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement offers Special Separation Allowance (continued)

4. Contributions (continued)

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	
2022	\$ 3,142
2023	3,142
2024	3,274
2025	3,173
2026	3,862
Thereafter	<u>9,424</u>
Total	<u>\$ 26,017</u>

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

	<u>1% Decrease</u> <u>(0.93%)</u>	<u>Discount Rate</u> <u>(1.93%)</u>	<u>1% Increase</u> <u>(2.93%)</u>
Total pension liability	<u>\$ 125,260</u>	<u>\$ 111,046</u>	<u>\$ 98,337</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement offers Special Separation Allowance (continued)

4. Contributions (continued)

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

Beginning balance	\$	54,632
Service cost		7,702
Interest on the total pension liability		1,781
Differences between expensed and actual experience in the measurement of the total pension liability		1,465
Changes of assumptions or other inputs		45,466
Ending balance of the total pension liability	\$	111,046

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 mortality improvements.

The actual assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$9,287, which consisted of \$9,287 from the Town and \$-0- from the law enforcement officers.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

d. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Robersonville, to the Firefighters' and Rescue Squad Workers' Pension Fund ("FRSWPF"), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF 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 – 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 serves as ex-officio members. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the ACFR for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Firefighters' 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 plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. 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 \$18,652,000 to the plan. The Town of Robersonville's proportionate share of the State's contribution is \$7,198.

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.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

d. Firefighters' and Rescue Squad Workers' Pension Fund (continued)

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

At June 30, 2021, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$2,699. The net pension liability was measured as of June 30, 2021. 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2021 and at June 30, 2020 was 0%.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,080 and revenue of \$1,080 for support provided by the State. At June 30, 2021, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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.

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

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

e. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

The net pension liability for LGERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 450,609	\$ -	\$ 450,609
Proportion of the Net Pension Liability (Asset)	0.01261%	N/A	
Total Pension Liability	\$ -	\$ 111,046	\$ 111,046
Pension Expense	\$ 210,841	\$ 12,625	\$ 223,466

At June 30, 2021, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 56,904	\$ 1,271	\$ 58,175
Changes of assumptions	33,534	43,811	77,345
Net difference between projected and actual earnings on pension plan investments	63,411	-	63,411
Changes in proportion and differences between Town contributions and proportionate share of contributions	84,717	-	84,717
Town contributions subsequent to the measurement date	79,131	-	79,131
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	-	16,429	16,429
Changes of assumptions	-	2,636	2,636
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,420	-	1,420
Administrative expense made subsequent to the measurement date	-	-	-

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

f. Other Postemployment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined Healthcare Benefits Plan (the "HCB Plan"). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Employees who retire under the provisions of the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and have either: 1.) Thirty (30) years of service with the Town of Robersonville; or 2.) Twenty (20) years of service with the Town of Robersonville and attained 60 years of age, are eligible to participate in the Town's retiree health care plan. Eligible retirees will be provided individual policies through BCBS or through an independent party. The Town will pay the lesser of the cost of coverage or \$550. Once eligible for Medicare, the retiree will receive a Medicare Supplement Plan G, Attained Age policy and a Medicare Part D policy at the full cost of the Town. The Town will pay the lesser of the cost of coverage or \$550. Health care and prescription drug coverage are provided through the reimbursement of premiums to retirees who purchase individual plans. Dependent coverage is not available to retirees.

Total OPEB Liability

The Town's total OPEB liability of \$2,054,593 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Methods and Assumptions. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases, including wage inflation	
General Employees	3.5% - 7.75%
Firefighters	3.5% - 7.75%
Law Enforcement Officers	3.5% - 7.75%
Discount Rate	2.21 percent
Healthcare cost trend rates	Medical – 7%
	Prescription – 5%

The discount rate is based on the yield of the Municipal Bond Index Rate equal to the Bond Buyer 20 Year General Obligation Bond Index.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

f. Other Postemployment Benefit (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	<u>\$ 1,660,056</u>
Changes for the year	
Service cost	28,559
Interest	58,192
Differences between expected and actual experience	(37)
Changes in assumptions	360,252
Benefit payments	<u>(52,429)</u>
Net changes	<u>394,537</u>
Balance at June 30, 2021	<u><u>\$ 2,054,593</u></u>

Changes in assumptions or other inputs reflect a change in the discount rate from 3.5% to 2.21%.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 2,417,312	\$ 2,054,593	\$ 1,766,598

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ 1,736,836	\$ 2,054,593	\$ 2,464,230

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

1. Pension Plan and Postemployment Obligations (continued)

f. Other Postemployment Benefit (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$107,209. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 384	\$ 47,426
Changes of assumptions	339,637	99,333
Town contributions subsequent to the measurement date	51,885	-
Total	<u>\$ 391,906</u>	<u>\$ 146,759</u>

\$51,885 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30:</u>	
2022	\$ 20,458
2023	20,458
2024	29,072
2025	46,767
2026	55,581
Thereafter	20,926
	<u>\$ 193,262</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

2. Other Employment Benefits

The Town has elected to provide death benefits to law enforcement officers 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 time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

The Town provides additional group-term life insurance to all full time active employees of the Town through Usable Life. Lump sum death benefit payments to beneficiaries are equal to 1.5 times the employee's annual salary rounded to the next higher \$1,000, if not exact, but the benefit may not exceed \$100,000. The Town has no liability beyond the payment of monthly contributions. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 79,131
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	-
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	51,885
Difference between expected and actual experience	58,559
Changes in assumptions	416,985
Net difference between projected and actual earnings on pension plan investments	63,411
Changes in proportion and differences between contributions and proportionate share of contributions	84,717
	<u>\$ 754,688</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

3. Deferred Outflows and Inflows of Resources (continued)

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

<u>Source</u>	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties (General Fund)	\$ -	\$ 263,683
Differences between expected and actual experience	63,849	-
Changes in assumptions	101,970	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,420	-
	<u>\$ 167,239</u>	<u>\$ 263,683</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is insured by several commercial insurance companies. They provide the following types of major coverage for the amounts of retained risk noted: general liability (\$3,000,000), property (\$1,000,000 per occurrence), workers' compensation (\$1,000,000 per occurrence), and employee accident and health (\$100,000)

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 the insurance coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan ("NFIP").

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$50,000. The Town Manager, Finance Officer and the remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

5. Long-Term obligations

a. Capital Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on December 15, 2016 to lease a John Deere Tractor with a boom mower and requires 60 monthly payments of \$1,464. The second agreement was executed on November 25, 2016 to lease a 2017 Ford Police Interceptor Sedan and requires 60 monthly payments of \$520. The third agreement was executed on September 20, 2017 to lease a 2017 Ford E-450 ambulance and requires 60 monthly payments of \$2,647. The fourth agreement was executed on October 25, 2018 to lease a 2019 Ford F150 and a 1997 Spartan Rescue and Fire vehicle and requires 60 monthly payments of \$1,374. The fifth agreement was executed on October 25, 2018 to lease a 2019 police care and requires 58 monthly payments of \$592. The sixth agreement was executed on October 1, 2018 to lease a Commercial Tanker 1830 gallon fire truck and requires 72 monthly payments of \$6,275. The seventh agreement was executed on July 15, 2019 to lease a 2019 Dodge Ram Fire Department pickup truck and requires 60 monthly payments of \$868.

In all seven agreements, title passes to the Town at the end of the lease term.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 168,531	\$ 69,557	\$ 98,974
Vehicles	1,012,919	252,918	760,001
Buildings	20,389	5,607	14,782
	<u>\$ 1,201,839</u>	<u>\$ 328,082</u>	<u>\$ 873,757</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Years Ending June 30,</u>	
2022	\$ 152,023
2023	114,596
2024	93,578
2025	51,065
Total minimum lease payments	411,262
Less amount representing interest	<u>(32,897)</u>
Present value of the minimum lease payments	<u>\$ 378,365</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

5. Long-Term obligations (continued)

b. General Obligation Indebtedness

Clean Water State Revolving Fund

A Promissory Note in the amount of \$683,390 was executed on January 17, 2014. The Clean Water State Revolving Fund (“CWSRF”) loan is due in annual installments of \$34,463 through May 1, 2033 at 0.00% interest. The balance of the revolving loan as of June 30, 2021 is \$413,555.

A Promissory Note in the amount of \$2,323,210 was executed on August 6, 2015. The CWSRF loan is due in annual installments of \$116,161 beginning May 1, 2016 through May 1, 2035 at 0.00% interest. The balance of the revolving loan as of June 30, 2021 is \$1,626,246.

A Promissory Note in the amount of \$661,919 was executed on November 4, 2015. The CWSRF loan is due in annual installments of \$33,096 beginning May 1, 2017 through May 1, 2036 at 0.00% interest. The balance of the revolving loan as of June 30, 2021 is \$496,440.

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

<u>Years Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 183,719	\$ -
2023	183,719	-
2024	183,719	-
2025	183,719	-
2026	183,719	-
2027 - 2031	918,598	-
2032 - 2036	699,048	-
	<u>\$ 2,536,241</u>	<u>\$ -</u>

At June 30, 2021, the Town of Robersonville and had a legal debt margin of \$6,825,022.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

5. Long-Term obligations (continued)

c. Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Capital leases	\$ 475,670	\$ -	\$ 118,388	\$ 357,282	\$ 122,390
Other postemployment benefits	956,153	227,244	-	1,183,397	-
Compensated absences	36,081	-	3,700	32,381	-
Net pension liability (LGERS)	198,190	61,348	-	259,538	-
Total pension liability (LEO)	54,632	56,414	-	111,046	-
	<u>\$ 1,720,726</u>	<u>\$ 345,006</u>	<u>\$ 122,088</u>	<u>\$ 1,943,644</u>	<u>\$ 122,390</u>
Business-Type Activities:					
CWSRF loan	\$ 2,719,960	\$ -	\$ 183,719	\$ 2,536,241	\$ 183,719
Installment purchase	11,675	-	11,675	-	-
Capital leases	43,036	-	21,953	21,083	12,899
Other postemployment benefits	703,903	167,293	-	871,196	-
Compensated absences	27,378	-	6,850	20,528	-
Net pension liability (LGERS)	145,905	45,163	-	191,068	-
	<u>\$ 3,651,857</u>	<u>\$ 212,456</u>	<u>\$ 224,197</u>	<u>\$ 3,640,116</u>	<u>\$ 196,618</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

III. DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY

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

<u>Interfund Activity</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 29,117	\$ 39,330
CDBG Fund	39,330	-
Electric Fund	-	334,111
Water Fund	426,005	-
Sewer Fund	167,662	288,673
Total	<u>\$ 662,114</u>	<u>\$ 662,114</u>

Interfund Loan – During the fiscal year ended June 30, 2017, the General Fund borrowed \$586,000 from the Electric Fund to fund operations. There is no formal repayment agreement. In the General Fund, the loan amount of \$586,000 is presented as an advance from the Electric Fund. Also during the fiscal year ended June 30, 2017, a transfer was made from the Water Fund to the Sewer Fund in the amount of \$288,673 and was recorded as a Due from Sewer Fund and Due to Water Fund. As of June 30, 2021, no arrangements have been made to return those funds.

Other Interfund Activity – In the course of recording credit card activity, all cash receipts from credit cards are recorded in the Electric Fund, and a payable is recorded from the Electric Fund to the General Fund, Water Fund, and the Sewer Fund. Once the transfer from the credit card bank account is made to the operating bank account, the Due To/Due From accounts are reversed.

D. NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 1,971,932	\$ 13,440,310
Less long-term debt	357,282	2,557,324
Net investment in capital assets	<u>\$ 1,614,650</u>	<u>\$ 10,882,986</u>

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	\$ (2,111)
Less:	
Streets	13,694
Remaining fund balance	<u>\$ (15,805)</u>

The Town of Robersonville has not adopted a minimum fund balance policy for the General fund, but monitors the percentage of fund balance to budgeted expenditures closely.

TOWN OF ROBERSONVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

IV. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with 31 other municipalities, established the North Carolina Eastern Municipal Power Agency (Agency). The participating governments established the Agency to provide electricity to the governments at lower rates by pooling their resources. Each participating government appoints one member to the Agency's governing board.

On July 31, 2015, the NCEMPA completed the sale of most of its electricity generating assets to Duke Energy. These proceeds were used to decrease the NCEMPA's outstanding revenue bonds. The NCEMPA entered into contractual arrangements with its member cities and Duke Energy. Under these arrangements, the NCEMPA will supply wholesale power to its members and will purchase this power from Duke Energy. In addition to payments made for electric power, NCEMPA members will make payments for their share of the debt service on the NCEMPA's new revenue bonds.

V. RELATED ORGANIZATION

The Board of the Robersonville Housing Authority is appointed by the Town of Robersonville's Board of Commissioners. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority.

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

VII. SUBSEQUENT EVENTS

The North Carolina Office of the State Auditor initiated an investigation in response to nine allegations received regarding the Town of Robersonville. Results of the investigation and the Town's response to the findings were released on September 21, 2022 on the NCOSA website: www.auditor.nc.gov/.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 9

OTHER POSTEMPLOYMENT BENEFITS –

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FOUR FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 28,559	\$ 34,387	\$ 36,807	\$ 42,266
Interest	58,192	62,342	58,059	51,826
Differences between expected and actual experience	(37)	(69,087)	342	506
Changes of assumptions	360,252	52,388	(79,081)	(142,658)
Benefit payments	<u>(52,429)</u>	<u>(44,759)</u>	<u>(44,041)</u>	<u>(41,752)</u>
Net change	394,537	35,271	(27,914)	(89,812)
Total OPEB liability:				
Beginning of year	<u>1,660,056</u>	<u>1,624,785</u>	<u>1,652,699</u>	<u>1,742,511</u>
End of year	<u>\$ 2,054,593</u>	<u>\$ 1,660,056</u>	<u>\$ 1,624,785</u>	<u>\$ 1,652,699</u>
Covered payroll	\$ 724,647	\$ 724,647	\$ 804,577	\$ 804,577
Total OPEB liability as a percentage of covered payroll	283.53%	229.08%	201.94%	205.41%

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) –
LOCAL GOVERNMENT EMPLOYEES’ RETIREMENT SYSTEM

Exhibit 10

LAST EIGHT FISCAL YEARS

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

Notes to the Schedule:

N/A - Information prior to the implementation of GASB Statement No. 68 does not exist. This schedule is building to be a ten year schedule as information becomes available.

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

(1) - This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS –
LOCAL GOVERNMENT EMPLOYEES’ RETIREMENT SYSTEM

Exhibit 11

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 79,131	\$ 77,001	\$ 136,456	\$ 141,339	\$ 141,720	\$ 142,943	\$ 128,676	\$ 133,168
Contributions in relation to the contractually required contribution	<u>79,131</u>	<u>77,001</u>	<u>136,456</u>	<u>141,339</u>	<u>141,720</u>	<u>142,943</u>	<u>128,676</u>	<u>133,168</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 657,753	\$ 620,804	\$ 867,349	\$ 800,751	\$ 818,454	\$ 781,447	\$ 789,826	\$ 832,677
Contributions as a percentage of covered payroll	<u>12.03%</u>	<u>12.40%</u>	<u>15.73%</u>	<u>17.65%</u>	<u>17.32%</u>	<u>18.29%</u>	<u>16.29%</u>	<u>15.99%</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) –
FIREFIGHTERS’ AND RESCUE SQUAD WORKERS’ PENSION

Exhibit 12

LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Robersonville's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Robersonville's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of North Carolina's proportionate share of the net pension liability associated with the Town of Robersonville	<u>2,699</u>	<u>2,774</u>	<u>3,835</u>	<u>3,429</u>	<u>2,547</u>	<u>2,529</u>	<u>1,947</u>
Total	<u>\$ 2,699</u>	<u>\$ 2,774</u>	<u>\$ 3,835</u>	<u>\$ 3,429</u>	<u>\$ 2,547</u>	<u>\$ 2,529</u>	<u>\$ 1,947</u>
Robersonville's covered-employee payroll	\$ 149,505	\$ 140,600	\$ 123,070	\$ 134,931	\$ 127,400	\$ 123,136	\$ 118,248
Robersonville's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.81%	1.97%	3.12%	2.54%	2.00%	2.05%	1.65%
Plan fiduciary net position as a percentage of the total pension liability	89.35%	84.94%	91.40%	93.42%	92.76%	91.45%	93.42%

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY –
LAW ENFORCEMENT OFFICERS’ SPECIAL SEPARATION ALLOWANCE

Exhibit 13

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 54,632	\$ 62,180	\$ 58,182	\$ 47,374	\$ 39,783
Service Cost	7,702	6,529	8,083	6,836	7,831
Interest on the total pension liability	1,781	2,263	1,839	1,829	1,420
Differences between expected and actual experience in the measurement of the total pension liability	1,465	(19,064)	(2,280)	(3,170)	-
Changes of assumptions or other inputs	45,466	2,724	(3,644)	5,313	(1,660)
Benefit payments	-				-
Other changes	-				-
Ending balance	<u>\$ 111,046</u>	<u>\$ 54,632</u>	<u>\$ 62,180</u>	<u>\$ 58,182</u>	<u>\$ 47,374</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 14

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL –
LAW ENFORCEMENT OFFICERS’ SPECIAL SEPARATION ALLOWANCE***LAST FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 111,046	\$ 54,632	\$ 62,180	\$ 58,182	\$ 47,374
Covered payroll	\$ 291,055	\$ 260,168	\$ 304,029	\$ 300,813	\$ 316,203
Total pension liability as a percentage of covered payroll	<u>38.15%</u>	<u>21.00%</u>	<u>20.45%</u>	<u>19.34%</u>	<u>14.98%</u>

INDIVIDUAL FUND SCHEDULES

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 15

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)–
BUDGET AND ACTUAL – GENERAL FUND**

YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes		\$ 603,042	
Penalties and interest		23,135	
Total Ad Valorem Taxes	<u>\$ 607,640</u>	<u>626,177</u>	<u>\$ 18,537</u>
Other Taxes and Licenses:			
Motor vehicle licenses		5	
Total Other Taxes and Licenses	<u>100</u>	<u>5</u>	<u>(95)</u>
Unrestricted Intergovernmental:			
Local option sales tax		274,732	
Telecommunications sales tax		114,423	
Video programming distribution		8,597	
Beer and wine		5,789	
Fire department grant		6,303	
Rescue Squad - County		75,520	
Fire district - County		74,034	
Gasoline tax refund		12,581	
ABC profit distributions		4,139	
Total Unrestricted Intergovernmental	<u>502,430</u>	<u>576,118</u>	<u>73,688</u>
Restricted Intergovernmental:			
Powell Bill allocation		49,498	
Solid Waste tax distribution		1,034	
Total Restricted Intergovernmental	<u>56,100</u>	<u>50,532</u>	<u>(5,568)</u>
Sales and Services:			
Hospital rent		20,490	
Cemetery lot sales		21,996	
Recreation program fees		12,577	
Rescue collections		115,165	
Total Sales and Services	<u>175,550</u>	<u>170,228</u>	<u>(5,322)</u>

(Continued)

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 15

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)–
BUDGET AND ACTUAL – GENERAL FUND (continued)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues (Continued):			
Investment Earnings:			
Interest	\$ 2,200	\$ 707	\$ (1,493)
Miscellaneous:			
Other	35,544	65,204	29,660
Total Revenues	<u>1,379,564</u>	<u>1,488,971</u>	<u>109,407</u>
Expenditures:			
Current:			
General Government:			
Governing Body:			
Salaries and employee benefits		81,338	
Operating		32,359	
Administration:			
Salaries and employee benefits		45,676	
Operating		63,282	
Total General Government	<u>232,316</u>	<u>222,655</u>	<u>9,661</u>
Public Safety:			
Police Department:			
Salaries and employee benefits		296,108	
Operating		60,686	
Total Police Department	<u>437,950</u>	<u>356,794</u>	<u>81,156</u>
Fire Department:			
Salaries and employee benefits		75,472	
Operating		64,611	
Total Fire Department	<u>147,886</u>	<u>140,083</u>	<u>7,803</u>
Rescue Squad:			
Salaries and employee benefits		115,758	
Operating		79,635	
Capital Outlay		17,162	
Total Rescue Squad	<u>278,539</u>	<u>212,555</u>	<u>65,984</u>
Total Public Safety	<u>864,375</u>	<u>709,432</u>	<u>154,943</u>

(Continued)

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 15

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)–
BUDGET AND ACTUAL – GENERAL FUND (continued)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Transportation:			
Streets and Highways:			
Street repairs and maintenance		\$ 18,825	
Contracted services		30,628	
Operating		4,309	
Total Transportation	<u>\$ 62,000</u>	<u>53,762</u>	<u>\$ 8,238</u>
Cultural and Recreational:			
Recreational Department:			
Salaries and employee benefits		28,055	
Operating		7,572	
Total Recreational Department	<u>51,127</u>	<u>35,627</u>	<u>15,500</u>
Library:			
Salaries and employee benefits		37,876	
Operating		19,068	
Total Library	<u>76,607</u>	<u>56,944</u>	<u>19,663</u>
Total Cultural and Recreational	<u>127,734</u>	<u>92,571</u>	<u>35,163</u>
Debt Service:			
Principal retirement	-	118,388	
Interest and other charges	-	22,484	
Total Debt Service	<u>140,872</u>	<u>140,872</u>	<u>-</u>
Total Expenditures	<u>1,427,297</u>	<u>1,219,292</u>	<u>208,005</u>
Revenues Over (Under) Expenditures	<u>(47,733)</u>	<u>269,679</u>	<u>317,412</u>
Other Financing Sources:			
Insurance proceeds	<u>47,733</u>	<u>48,732</u>	<u>999</u>
Net change in fund balance (deficit)	<u>\$ -</u>	<u>318,411</u>	<u>\$ 318,411</u>
Fund Balance (Deficit):			
Beginning of year		<u>(320,522)</u>	
End of year		<u>\$ (2,111)</u>	

TOWN OF ROBERSONVILLE, NORTH CAROLINA

Exhibit 16

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT)–
BUDGET AND ACTUAL – CDBG Project Fund**

From Inception to June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted Intergovernmental:					
CDBG Project	\$ 173,500	\$ -	\$ 148,921	\$ 148,921	\$ 24,579
Total Revenues	<u>173,500</u>	<u>-</u>	<u>148,921</u>	<u>148,921</u>	<u>24,579</u>
Expenditures:					
Economic Development:					
CDBG Project	173,500	-	138,921	138,921	34,579
Total Expenditures	<u>173,500</u>	<u>-</u>	<u>138,921</u>	<u>138,921</u>	<u>34,579</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	10,000	<u>\$ 10,000</u>	<u>\$ 10,000</u>
FUND BALANCE, Beginning of Year			-		
FUND BALANCE, End of Year			<u>\$ 10,000</u>		

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) –
BUDGET AND ACTUAL – (NON-GAAP) – ELECTRIC FUND

Exhibit 17

YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Charges for Service:			
Electric sales	\$ 2,500,140	\$ 2,459,755	\$ (40,385)
Other operating revenues	9,110	47,435	38,325
Total Operating Revenues	<u>2,509,250</u>	<u>2,507,190</u>	<u>(2,060)</u>
Nonoperating Revenues			
DEQ Emergency Operating Grant	15,000	-	(15,000)
Interest income	4,000	2,801	(1,199)
Total Revenues	<u>2,528,250</u>	<u>2,509,991</u>	<u>(18,259)</u>
Expenditures:			
Salaries and employee benefits		291,216	
Electric Power purchases		1,703,710	
Other Operating expenses		38,814	
Electrical operations		251,171	
Bad debt expense		100,480	
Debt Service:			
Principal retirement		13,637	
Interest and other charges		1,576	
Total Expenditures	<u>2,538,833</u>	<u>2,400,604</u>	<u>138,229</u>
Revenues Over (Under) Expenditures	<u>(10,583)</u>	<u>109,387</u>	<u>119,970</u>
Other Financing Sources (Uses):			
Insurance proceeds	10,583	10,583	-
Total Other Financing Sources (Uses)	<u>10,583</u>	<u>10,583</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 119,970</u>	<u>\$ 119,970</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources Over Expenditures and Other Uses		\$ 119,970	
Reconciling Items:			
Principal retirement		13,637	
Depreciation		(27,167)	
(Increase) decrease in compensated absences		(5,027)	
Increase (decrease) in deferred outflows of resources - pensions		5,061	
(Increase) decrease in net pension liability		22,684	
(Increase) decrease in deferred inflows of resources - pensions		9,157	
Increase (decrease) in deferred outflows of resources - OPEB		(49,850)	
(Increase) decrease in accrued OPEB liability		84,024	
Change in Net Position		<u>\$ 172,489</u>	

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) –
BUDGET AND ACTUAL – (NON-GAAP) – WATER FUND

Exhibit 18

YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Charges for Service:			
Water	\$ 606,025	\$ 587,047	\$ (18,978)
Other operating revenues	4,000	579	(3,421)
Total Operating Revenues	<u>610,025</u>	<u>587,626</u>	<u>(22,399)</u>
Nonoperating Revenues			
DEQ Emergency Operating Grant	12,000	-	(12,000)
Interest on investments	500	1	(499)
Total Revenues	<u>622,525</u>	<u>587,627</u>	<u>(34,898)</u>
Expenditures:			
Salaries and employee benefits		235,994	
Water project expenditures		3,625	
Water operations		207,684	
Bad debt expense		20,672	
Capital outlay		-	
Debt Service:			
Principal retirement		8,316	
Interest and other charges		468	
Total Expenditures	<u>622,525</u>	<u>476,759</u>	<u>145,766</u>
Revenues Over Expenditures	<u>\$ -</u>	<u>110,868</u>	<u>\$ 110,868</u>

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

Reconciling Items:	
Principal retirement	8,316
Depreciation	(66,245)
(Increase) decrease in compensated absences	1,823
Increase (decrease) in deferred outflows of resources - pensions	3,625
(Increase) decrease in net pension liability	16,246
(Increase) decrease in deferred inflows of resources - pensions	(6,557)
Increase (decrease) in deferred outflows of resources -OPEB	(35,703)
(Increase) decrease in accrued OPEB liability	60,178
Change in Net Position	<u>\$ 92,551</u>

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) –
BUDGET AND ACTUAL – (NON-GAAP) – SEWER FUND

Exhibit 19

YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating Revenues:			
Charges for Service:			
Sewer sales	\$ 742,000	\$ 721,166	\$ (20,834)
Other operating revenues	5,000	195	(4,805)
Total Revenues	<u>747,000</u>	<u>721,361</u>	<u>(25,639)</u>
Expenditures:			
Salaries and employee benefits		74,957	
Sewer operations		503,272	
Bad debt expense		28,859	
Debt service:			
Principal retirement		195,394	
Total Expenditures	<u>801,125</u>	<u>802,482</u>	<u>(1,357)</u>
Revenues Under Expenditures	<u>(54,125)</u>	<u>(81,121)</u>	<u>(26,996)</u>
Other Financing Sources (Uses):			
Transfer (to) from other funds	<u>54,125</u>	-	<u>(54,125)</u>
Total Other Financing Sources (Uses)	<u>54,125</u>	<u>-</u>	<u>(54,125)</u>
Revenues and Other Financing Sources Under Expenditures and Other Uses	<u>\$ -</u>	<u>(81,121)</u>	<u>\$ (81,121)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Principal retirement		195,394	
Depreciation		(409,152)	
Increase (decrease) in deferred outflows of resources - pensions		1,392	
(Increase) decrease in net pension liability		6,233	
(Increase) decrease in deferred inflows of resources - pensions		(2,516)	
Increase (decrease) in deferred outflows of resources - OPEB		(13,700)	
(Increase) decrease in accrued OPEB liability		23,091	
Change in Net Position		<u>\$ (280,379)</u>	

OTHER SCHEDULES

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE

Exhibit 20

YEAR ENDED JUNE 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 616,364	\$ 563,914	\$ 52,450
2019-2020	51,057	-	10,029	41,028
2018-2019	41,476	-	9,357	32,119
2017-2018	34,180	-	5,857	28,323
2016-2017	30,007	-	5,054	24,953
2015-2016	25,411	-	4,721	20,690
2014-2015	22,187	-	4,237	17,950
2013-2014	16,884	-	2,654	14,230
2012-2013	21,437	-	2,185	19,252
2011-2012	17,338	-	1,887	15,451
2010-2011	13,397	-	13,397	-
Total	\$ 273,374	\$ 616,364	\$ 623,292	266,446
Less: allowance for uncollectible amounts				(2,663)
Ad Valorem Taxes Receivable - Net				\$ 263,783
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 626,177
Reconciling items:				
Penalties and interest				(23,135)
Taxes written off				13,397
Other adjustments				6,853
Subtotal				(2,885)
Total Collections and Credits				\$ 623,292

TOWN OF ROBERSONVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY – TOWN-WIDE LEVY

Exhibit 21

YEAR ENDED JUNE 30, 2021

	Total Property Valuation	Rate	Total	Property excluding Registered Vehicles	Registered Motor Vehicles
Original Levy:					
Real property	\$ 56,623,194	0.70	\$ 396,362	\$ 396,362	\$ -
Personal property	21,888,408	0.70	153,219	153,219	-
Motor vehicles	9,928,215	0.70	55,565	-	55,565
Corporate excess	<u>1,602,524</u>	0.70	<u>11,218</u>	<u>11,218</u>	<u>-</u>
Total Property Valuation	<u>\$ 90,042,341</u>				
Net Levy			616,364	560,799	55,565
Uncollected taxes at June 30, 2021			<u>(52,450)</u>	<u>(52,450)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 563,914</u>	<u>\$ 508,349</u>	<u>\$ 55,565</u>
Current Levy Collection Percentage			<u>91.49%</u>	<u>90.65%</u>	<u>100.00%</u>

COMPLIANCE SECTION

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Mayor and Town Board of Commissioners
Town of Robersonville
Robersonville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Robersonville, North Carolina (the "Town"), as of June 30, 2020 and 2021 and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements and have issued our report thereon dated June 6, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompany schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
June 6, 2024

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial Statements audited were prepared in accordance with U.S. GAAP:

Qualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to consolidated financial statements noted? X yes no

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

Finding: 2021-001

Material weakness

Criteria: A well designed and operating accounting process ensures transactions are recorded timely and properly; resulting in financial information and data that is timely and available to management to aid in the decision-making process. Entities are responsible for ensuring that proper internal controls over financial reporting and close process are adequate to prevent and/or detect error in financial reporting in a timely manner.

Condition and Context: Consistent policies and procedures to establish internal controls were not in place and followed consistently throughout the fiscal year. Segregation of duties issues were noted in the significant transaction cycles of cash receipts, cash disbursements, payroll and financial reporting. The Town's budget was not prepared, presented, and approved by the Board in accordance with the state statute. The year-end closing process for the year ended June 30, 2021 extended over a prolonged period due to staffing challenges and important routine accounting procedures were not performed timely during the fiscal year. Several material accruals were missing from the general ledger presented for audit and had to be calculated and adjusting journal entries were posted as a result.

Effect: Errors could be made and not detected on a timely basis and therefore financial statements may contain errors. The following adjustments were noted and posted during the audit:

- Reclassification of \$140,872 (general fund), \$15,212 (electric fund) and \$8,784 (water fund) lease payments from capital outlay to principal and interest payments.
- Accrual of \$49,498 (general fund), \$6,608 (electric fund), \$11,944 (water fund) and \$60,406 (sewer fund) of expenses to accounts payable.
- Accrual of \$190,183 (general fund) sales and use taxes to accounts receivable.
- Adjusted \$82,428 (general fund) of Fire District Taxes to the correct fiscal year.
- Adjusted \$36,308 (electric fund), \$26,002 (water fund) and \$9,976 (sewer fund) of OPEB and pension expenses to deferred outflows.
- Adjusted \$371,970 (electric fund), \$97,087 (water fund) and \$104,802 (sewer fund) of accruals of June utility bills accrued in July.
- Adjusted principal on the CWSRF loan and notes payable \$195,394 (sewer fund).

Cause: As the Local Government Commission assumed control over the Town's finances in October 2020, it took time to evaluate policies and procedures, evaluate the knowledge, skills and expertise of existing staff, determine the need and hire expert contractors and complete the correction up of identified issues. Resolution and correction of issues continued well past year end. Due to the occurrence of these changes, policies and procedures over all significant transactions cycles were not consistent throughout the year to evaluate the control environment as established, in place and operating effectively during the fiscal year.

Recommendation: We recommend clear and well documented policies and procedures that establishes a segregation of duties be put in place and followed consistently as soon as feasibly possible.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

Finding 2021-002:
Noncompliance: Budgetary Violation

Criteria: North Carolina General Statute 159-13 states that “Not earlier than 10 days after the day the budget is presented to the board and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the board may consider sufficient and proper, whether greater or less than the sums recommended in the budget.”

Condition: The Town failed to adopt a budget before June 30, 2020.

Context: Fiscal year 2021 budget was presented to the board on August 26, 2020 and was adopted by the board on August 27, 2020.

Effect: The Town was not operating financial transactions of the Town with proper authority from July 1, 2020 through until the budget was passed on August 27, 2020. Also, the citizens of the community were not supplied sufficient time to review, comment or provide input on the presented budget as required by the law of 10 days, only 24 hours passed between the presentation and approval of the budget.

Cause: There are a limited number of personnel to prepare the budget.

Recommendation: We recommend the Town ensure a budget is prepared, presented to the board, and approved more than 10 days later but also on or before June 30.

Finding 2021-003:
Noncompliance: Untimely Audit Submission

Criteria: North Carolina General Statute 159-34(a) states that “Each unit of local government and public authority shall have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the commission as qualified to audit local government accounts.” The Local Government Commission established the deadline for audits to be completed. This due date is October 31 following the end of the fiscal year.

Condition and Context: The June 30, 2018, 2019, and 2020 financial statements were never prepared, audited, or submitted to the Local Government Commission. The June 30, 2021 financial statements were not submitted to the Local Government Commission until over 31 months past the original due date of October 31, 2021.

Effect: Financial information is not available for the 3 years not submitted. The 2021 audit was unable to be completed within four months after year-end. This presents an increased risk that fraud and accounting errors could occur and not be detected.

Cause: There are a limited number of personnel and high turnover to perform certain financial reporting and close functions in order to be able to close the books, including difficulty in locating the required support, in order to have audit support ready in time for auditors.

Recommendation: We recommend the Town ensure it has sufficient staff in the finance department in order to have all year-end procedures performed and have the necessary audit support ready be made available to auditors closer to year-end in order to meet the statutory deadline.

TOWN OF ROBERSONVILLE, NORTH CAROLINA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2021



Finding 2021-001: Material Weakness

Town's Response: We agree with and understand this finding. This finding has been addressed by the takeover of the Town's financial operations by the Local Government Commission and the subsequent hiring and training of new staff.

The current staff of the Town of Robersonville understand that the adoption of the annual budget as well as the timely posting of routine accounting entries and balancing of accounts helps ensure the financial records of the Town are accurately presented. Policies and procedures have been established to ensure these actions of 2020-2021 do not recur.

Contact: Chris Roberson, Town Manager

Finding 2021-002: Noncompliance – Budgetary Violation

Town's Response: We agree with and understand this finding. We agree with and understand this finding. The current staff has implemented a policy of monthly review by the Finance Officer of all year-to-date budget transactions (both revenue and expenditure) to ensure Town operates within the adopted budget. Reports are also shared with the Council, Manager, and responsible department heads each month via public presentation at the Council meetings and distribution within Town Hall. Additionally, the current staff is currently taking the necessary steps to ensure that the proper procedures and timeframes are followed as it related to budget submission and adoption. These steps have been undertaken for the last two fiscal years.

Contact: Chris Roberson, Town Manager

Finding 2021-003: Noncompliance – Untimely Audit Submission

Town's Response: We agree with and understand this finding. While this report's submission is several years late, future reports are ready to be completed with the goal of getting the FY22 and FY23 reports done by end of calendar year 2024. Staff would then proceed with the FY24 report in early calendar 2025 to be on track for report submission for FY25 in normal cycle. Staff has already begun the data collection process for both the FY22 and FY23 reports and stand ready to work with the external audit team and the external bookkeeping team to prepare and review statements as quickly as possible so they can be completed and submitted.

The current Town staff understands the importance of timely reporting to ensure the safety of town assets and funds. While it will take some time to bring all audits current, there is a plan in place for this to happen.

Contact: Chris Roberson, Town Manager