

**REVIEWED**

***By SLGFD at 5:23 pm, Feb 02, 2022***

**FINANCIAL STATEMENTS**

**TOWN OF ROPER**

**ROPER, NORTH CAROLINA**

**JUNE 30, 2021**

TOWN COUNCIL

Marquitta "Denise" Blount - Mayor

Charles Sharpe

Raemona Jackson

Daniel Reynolds

Rona Norman

TOWN CLERK

Stacy Chesson

TOWN OF ROPER  
TABLE OF CONTENTS  
JUNE 30, 2021

---

	<u>EXHIBIT</u>	<u>PAGE</u>
FINANCIAL SECTION		
Independent Auditors' Report		5
Management's Discussion and Analysis		7
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	18
Statement of Activities	2	19
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	6	23
Statement of Fund Net Position - Proprietary Funds	7	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	8	25
Statement of Cash Flows - Proprietary Funds	9	26
Notes to the Basic Financial Statements		27

TOWN OF ROPER  
TABLE OF CONTENTS  
JUNE 30, 2021

---

	<u>SCHEDULE</u>	<u>PAGE</u>
Required Supplementary Financial Data:		
Schedule of the Proportionate Share of the Net Pension Liability - Local Government Employees' Retirement System		44
Schedule of Contributions - Local Government Employees' Retirement System		45
Budgetary Schedules:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (NON-GAAP) - General Fund	1	47
Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP) - Water and Sewer Fund	2	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- CDBG 13-I-2624 Project Fund	3	51
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- CDBG 16-I-2723 Project Fund	4	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- State Reserve Loan Fund	5	53
Other Schedules		
Schedule of Ad Valorem Taxes Receivable		56
Analysis of Current Tax Levy - Town Wide Levy		57
COMPLIANCE SECTION		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		59
Schedule of Findings and Responses		61
Corrective Action Plan		63
Summary Schedule of Prior Year's Findings		64
Schedule of Expenditures of Federal and State Awards		65



PETWAY

MILLS &

PEARSON, PA

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.  
Phyllis M. Pearson

Zebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

Raleigh Office  
9121 Anson Way  
Raleigh, NC 27615  
919-781-1047

[www.pmpcpa.com](http://www.pmpcpa.com)

**Memberships:**

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
Of Certified Public  
Accountants

Medical Group  
Management  
Association

## Independent Auditors' Report

To the Honorable Mayor  
And Members of the Town Council  
Town of Roper, North Carolina

### Report on the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 7 through 16, the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Asset and Contributions, on pages 44 and 45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Roper, North Carolina. The budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 and the procedures performed as described above, the budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of the Town of Roper's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Roper's internal control over financial reporting and compliance.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

December 1, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis FY 2021**

As management of the Town of Roper, we offer readers of the Roper's financial statements this narrative overview and analysis of the financial activities of the Town of Roper 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 of the Town of Roper *exceeded* its liabilities at the close of the fiscal year by \$6,705,898 (*net position*).
- The government's total net position *increased* by \$767,263 due to an *increase* in the *business-type* activities net position of \$674,393 and a \$92,871 *increase* in *governmental* activities net position.
- As of the close of the current fiscal year, the Town of Roper's governmental funds reported combined ending fund balance of \$454,823 an *increase* of \$133,547 in comparison with the prior year.

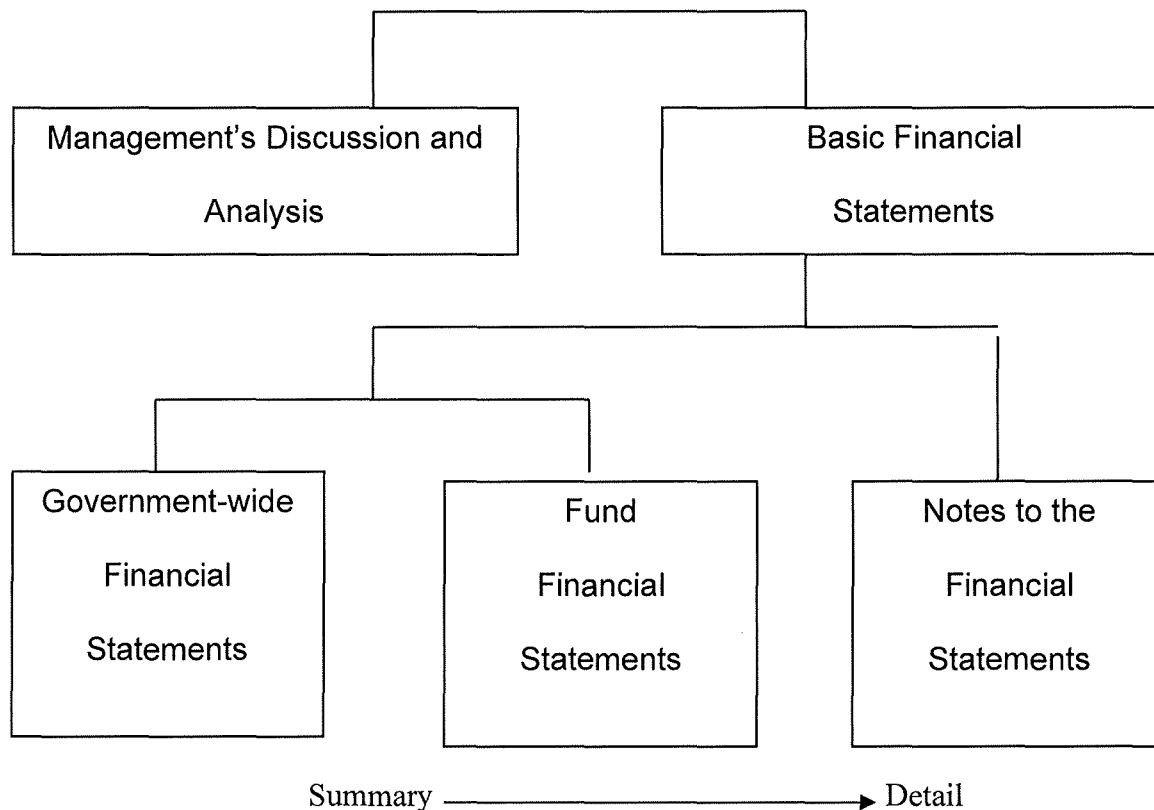
### **Overview of the Financial Statements**

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



**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

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

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

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

### **Government-wide Financial Statements**

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities. 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 and sewer offered by the Town of Roper.

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

### **Fund Financial Statements**

The fund financial statements (see Figure 2) 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 Roper, 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 Roper can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Roper adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to

Management Discussion and Analysis-FY 2021  
**Town of Roper**

provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – Town of Roper 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. Roper uses the enterprise fund to account for its water and sewer activity. 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 are on pages 27 to 42 of this report.

Management Discussion and Analysis-FY 2021  
**Town of Roper**

**Government-Wide Financial Analysis**  
**The Town of Roper's Net position**

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 560,903	\$ 436,825	\$ 518,734	\$ 324,737	\$ 1,079,637	\$ 761,562
Other assets	-	1,252	-	-	-	1,252
Capital assets	825,718	864,966	5,822,587	5,502,099	6,648,305	6,367,065
Total assets	1,386,621	1,303,043	6,341,321	5,826,836	7,727,942	7,129,879
Deferred outflow of resources	21,607	20,887	-	-	21,607	20,887
Deposits held	-	-	-	-	-	-
Other liabilities	56,779	67,916	982,556	1,142,463	1,039,335	1,210,379
Total liabilities	56,779	67,916	982,556	1,142,463	1,039,335	1,210,379
Deferred inflow of resources	4,316	1,752	-	-	4,316	1,752
Net position:						
Invested in capital assets, net of related debt	825,718	864,966	4,941,111	4,572,656	5,766,829	5,437,622
Restricted	68,179	58,218	-	-	68,179	58,218
Unrestricted	453,236	331,078	417,654	111,717	870,890	442,795
Total net position	\$ 1,347,133	\$ 1,254,262	\$ 5,358,765	\$ 4,684,373	\$ 6,705,898	\$ 5,938,635

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Roper exceeded liabilities by \$6,705,898 as of June 30, 2021. The Town's net position *increased* by \$767,263 for the fiscal year ended June 30, 2021. However, \$5,766,829 reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Roper uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Roper's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Roper's net position, \$68,179 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$870,890 is unrestricted.

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

- Holding tax and utility rates steady,
- Obtaining capital grants
- Locating additional sources of revenues

Management Discussion and Analysis-FY 2021  
**Town of Roper**

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

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 61,716	\$ 63,202	\$ 179,179	\$ 172,386	\$ 240,895	\$ 235,588
Operating grants and contributions	17,996	19,230	-	-	17,996	19,230
Capital grants and contributions	-	-	760,147	2,111,899	760,147	2,111,899
General revenues:					-	-
Property taxes	150,198	131,553	-	-	150,198	131,553
Other taxes	147,124	132,635	-	-	147,124	132,635
Other	58,391	88,589	-	-	58,391	88,589
Total revenues	435,425	435,209	939,326	2,284,285	1,374,751	2,719,494
Expenses:						
General government	160,754	188,240	-	-	160,754	188,240
Public safety	13,148	5,000	-	-	13,148	5,000
Transportation	92,541	100,186	-	-	92,541	100,186
Economic Development	8,092	9,191	-	-	8,092	9,191
Environmental Protection	59,400	59,400	-	-	59,400	59,400
Culture and recreation	8,619	12,526	-	-	8,619	12,526
Interest on Long-term Debt	-	-	-	-	-	-
Water and sewer	-	-	264,934	273,955	264,934	273,955
Total expenses	342,554	374,543	264,934	273,955	607,488	648,498
Transfers	-	-	-	-	-	-
Change in net position	92,871	60,666	674,392	2,010,330	767,263	2,070,996
Net position, beginning	1,254,262	1,193,596	4,684,373	2,674,043	5,938,635	3,867,639
Net position, ending	\$ 1,347,133	\$ 1,254,262	\$ 5,358,765	\$ 4,684,373	\$ 6,705,898	\$ 5,938,635

**Governmental activities:** Governmental activities increased the Town's net position by \$92,871.

**Business-type activities:** Business-type activities increased the Town of Roper's net position by \$674,392.

### Financial Analysis of the Town Funds

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

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

**Town of Roper**

is useful in assessing the Town's financing requirements. Specifically, unassigned fund balance 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 Roper. At the end of the current fiscal year, unassigned fund balance of the General Fund of \$386,644 while total fund balance was \$454,823.

At June 30, 2021, the governmental funds of Roper reported a combined fund balance \$454,823 a \$133,547 increase over last year.

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

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$417,654. The increase in net position for the Water and Sewer Fund was \$674,392. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Roper's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$6,648,305 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Management Discussion and Analysis-FY 2021  
**Town of Roper**

**Town of Roper's  
Capital Assets**

**Figure 4**

(net of depreciation)

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Total 2021	Total 2020
Land	\$ 158,307	\$ 158,307	\$ 43,900	\$ 43,900	\$ 202,207	\$ 202,207
Construction in Progress	-	-	3,598,879	3,191,742	3,598,879	3,191,742
Buildings and systems	349,706	364,110	2,179,158	2,265,374	2,528,864	2,629,484
Improvements	276,474	291,284	-	-	276,474	291,284
Machinery and equipment	10,622	15,161	650	1,083	11,272	16,244
Infrastructure	15,541	17,482	-	-	15,541	17,482
Vehicles and motorized equipment	15,088	18,622	-	-	15,088	18,622
Total	\$ 825,738	\$ 864,966	\$ 5,822,587	\$ 5,502,099	\$ 6,648,325	\$ 6,367,065

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

**Long-term Debt.**

As of June 30, 2021, the Town of Roper has an outstanding direct placement agreement in the amount of \$881,476 for WWTP improvements.

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

The following key economic indicators reflect the growth and prosperity of the Town.

- High unemployment. Unemployment in the Washington County area continues to be higher than both the State and National averages as of June 30, 2021.
- Housing development which has been stagnant for years shows little signs of increasing next year.
- The Town has added no service or retail sector jobs

## Management Discussion and Analysis-FY 2021

### **Town of Roper**

- The Town held the real property rate flat for fiscal year 2021.
- Water, sewer, and sanitation rates were increased for fiscal year 2021 and these increases are being used to improve the wastewater treatment plant.

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities:** The tax rate will remain steady with revenues.

**Business – type Activities:** The water and sewer basic rates will hold steady. The contracting of the water operations is now with Washington County and the sewer operation contract is now with Harrell Environmental Services LLC.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Roper, PO Box 217, Roper, NC 27970-0217.



**Town of Roper**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 405,944	\$ 78,949	\$ 484,893
Restricted cash	38,861	72,137	110,998
Taxes receivables (net)	90,780	-	90,780
Accounts receivable (net) - trade	9,954	29,056	39,010
Due from other governments	15,364	338,592	353,956
Internal balances	-	-	-
Total current assets	<u>560,903</u>	<u>518,734</u>	<u>1,079,637</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	158,307	3,642,779	3,801,086
Other capital assets, net of depreciation	667,411	2,179,808	2,847,219
Total capital assets	<u>825,718</u>	<u>5,822,587</u>	<u>6,648,305</u>
Total noncurrent assets	<u>825,718</u>	<u>5,822,587</u>	<u>6,648,305</u>
Total assets	<u>1,386,621</u>	<u>6,341,321</u>	<u>7,727,942</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	7,877	-	7,877
Pension deferrals	13,730	-	13,730
Total deferred outflows of resources	<u>21,607</u>	<u>-</u>	<u>21,607</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	15,168	28,943	44,111
Payable from restricted assets	-	72,137	72,137
Current portion of long-term liabilities	-	48,971	48,971
Total current liabilities	<u>15,168</u>	<u>150,051</u>	<u>165,219</u>
Long-term liabilities:			
Compensated absences	3,375	-	3,375
Net pension liability	38,236	-	38,236
Due in more than one year	-	832,505	832,505
Total liabilities	<u>56,779</u>	<u>982,556</u>	<u>1,039,335</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	4,184	-	4,184
Prepaid taxes	132	-	132
Total deferred inflows of resources	<u>4,316</u>	<u>-</u>	<u>4,316</u>
<b>NET POSITION</b>			
Net investment in capital assets	825,718	4,941,111	5,766,829
Restricted for:			
Streets	38,861	-	38,861
Stabilization by State Statute	29,318	-	29,318
Unrestricted	453,236	417,654	870,890
Total net position	<u>\$ 1,347,133</u>	<u>\$ 5,358,765</u>	<u>\$ 6,705,898</u>

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

**Town of Roper  
Statement of Activities  
For the Year Ended June 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 160,754	\$ -	\$ -	\$ -	\$ (160,754)	\$ -	\$ (160,754)
Economic and physical development	8,092	-	-	-	(8,092)	-	(8,092)
Public safety	13,148	-	-	-	(13,148)	-	(13,148)
Transportation	92,541	-	17,996	-	(74,545)	-	(74,545)
Environmental protection	59,400	61,716	-	-	2,316	-	2,316
Cultural and recreation	8,619	-	-	-	(8,619)	-	(8,619)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	342,554	61,716	17,996	-	(262,842)	-	(262,842)
Business-type activities:							
Water and sewer	264,934	179,179	-	760,147	-	674,392	674,392
Total business-type activities	264,934	179,179	-	760,147	-	674,392	674,392
Total primary government	\$ 607,488	\$ 240,895	\$ 17,996	\$ 760,147	(262,842)	674,392	411,550
General revenues:							
Taxes:							
Property taxes, levied for general purpose					150,198	-	150,198
Other taxes					147,124	-	147,124
Unrestricted investment earnings					-	-	-
Miscellaneous					58,391	-	58,391
Total general revenues					355,713	-	355,713
Change in Net position					92,871	674,392	767,263
Net position, beginning					1,254,262	4,684,373	5,938,635
Net position, ending					\$ 1,347,133	\$ 5,358,765	\$ 6,705,898

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

## Exhibit 3

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

**ASSETS**

	<b>Major Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	
Cash and cash equivalents	\$ 405,944	\$ 405,944
Restricted cash	38,861	38,861
Receivables, net:		
Taxes	90,780	90,780
Accounts - trade	9,954	9,954
Due from other funds	-	-
Due from other governments	15,364	15,364
Total assets	<u>\$ 560,903</u>	<u>\$ 560,903</u>

**LIABILITIES**

Liabilities:		
Accounts payable and accrued liabilities	\$ 15,168	\$ 15,168
Total liabilities	<u>15,168</u>	<u>15,168</u>

**DEFERRED INFLOWS OF RESOURCES**

Property taxes receivable	90,780	90,780
Prepaid taxes	132	132
Total deferred inflows of resources	<u>90,912</u>	<u>90,912</u>

**FUND BALANCES**

Fund balances:		
Restricted:		
Stabilization by State Statute	29,318	29,318
Streets	38,861	38,861
Unassigned	386,644	386,644
Total fund balances	<u>454,823</u>	<u>454,823</u>

Total liabilities, deferred inflows of resources and  
fund balances

\$ 560,903

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	825,718
Deferred outflows of resources related to pensions are not reported in funds	7,877
Notes receivable	-
Pension related deferrals	13,730

Liabilities for earned revenues considered deferred inflows of resources in fund statements	90,780
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	
Compensated absences	(3,375)
Net pension liability - LGERS	(38,236)
Deferred inflows of resources related to pensions are not reported in the funds	(4,184)
Rounding	(1)

Net position of governmental activities \$ 1,347,133

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

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

	Major Funds		Total Governmental Funds
	General		
<b>REVENUES</b>			
Ad valorem taxes	\$	145,732	\$ 145,732
Unrestricted intergovernmental		147,124	147,124
Restricted intergovernmental		17,996	17,996
Sales and services		61,716	61,716
Other revenues		57,828	57,828
Total revenues		<u>430,396</u>	<u>430,396</u>
<b>EXPENDITURES</b>			
General government		132,602	132,602
Public safety		5,000	5,000
Transportation		91,543	91,543
Environmental protection		59,400	59,400
Cultural and recreation		2,751	2,751
Economic and physical development		5,553	5,553
Debt service:			
Principal		-	-
Interest and other charges		-	-
Capital outlay		-	-
Total expenditures		<u>296,849</u>	<u>296,849</u>
Excess (deficiency) of revenues over expenditures		<u>133,547</u>	<u>133,547</u>
Net change in fund balance		133,547	133,547
Fund balances, beginning		321,276	321,276
Fund balances, ending	\$	<u>454,823</u>	\$ <u>454,823</u>

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

**Town of Roper**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

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

Net changes in fund balances - total governmental funds		\$ 133,547
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
Capitalized property	-	
Depreciation expense for governmental assets	<u>(39,248)</u>	(39,248)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		-
		7,877
Collections on notes receivable		-
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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payment on long-term debt		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred revenue for tax revenues		4,466
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		(1,560)
Pension expense		<u>(12,210)</u>
Total changes in net position of governmental activities		<u>\$ 92,871</u>

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

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

	<b>General Fund</b>			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 163,600	\$ 156,500	\$ 145,732	\$ (10,768)
Other taxes and licenses	-	7,000	-	(7,000)
Unrestricted intergovernmental	137,032	32,000	147,124	115,124
Restricted intergovernmental	19,230	19,230	17,996	(1,234)
Sales and services	50,000	110,000	61,716	(48,284)
Other revenues	33,275	85,237	57,828	(27,409)
Investment earnings	-	-	-	-
Total revenues	403,137	409,967	430,396	20,429
<b>Expenditures:</b>				
General government	178,705	194,980	132,602	62,378
Economic and physical development	-	7,500	5,553	1,947
Public safety	20,000	20,000	5,000	15,000
Transportation	118,832	118,587	91,543	27,044
Environmental protection	59,400	59,400	59,400	-
Miscellaneous	22,000			
Cultural and recreation	4,200	9,500	2,751	6,749
Debt service:	-			
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	403,137	409,967	296,849	113,118
Revenues over (under) expenditures	-	-	133,547	133,547
<b>Other financing sources (uses):</b>				
Unappropriated fund balance	-	-	-	-
Transfer from Powell Bill	-	-	-	-
Sale of property	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	133,547	\$ 133,547
Fund balances, beginning			321,276	
Fund balances, ending			<u>\$ 454,823</u>	

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

Exhibit 7

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

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 78,949
Restricted cash	72,137
Due from other governments	338,592
Accounts receivable, net	29,056
Total current assets	<u>518,734</u>
Capital assets:	
Land and other non-depreciable assets	3,642,779
Other capital assets, net of depreciation	<u>2,179,808</u>
Capital assets (net)	5,822,587
Total assets	<u><u>\$ 6,341,321</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 28,943
Current portion of long term liabilities	48,971
Payable from restricted assets	72,137
Total current liabilities	<u>150,051</u>
Long term liabilities	
Notes payable	<u>832,505</u>
Total liabilities	<u>982,556</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,941,111
Unrestricted	417,654
Total net position	<u><u>\$ 5,358,765</u></u>

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

Exhibit 8

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

	<u>Water and Sewer Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 179,029
Other operating revenues	150
<b>Total operating revenues</b>	<u>179,179</u>
<b>OPERATING EXPENSES</b>	
Administration	1,955
Water and sewer distribution	156,055
Depreciation	106,924
<b>Total operating expenses</b>	<u>264,934</u>
<b>Operating income (loss)</b>	<u>(85,755)</u>
<b>Income (loss) before contributions and transfers</b>	(85,755)
Grant income	-
Capital contributions	760,147
<b>Total contributions and transfers</b>	<u>760,147</u>
<b>Change in net position</b>	674,392
<b>Total net position, beginning</b>	<u>4,684,373</u>
<b>Total net position, ending</b>	<u><u>\$ 5,358,765</u></u>

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



**Exhibit 9**

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

	<u><b>Water and Sewer Fund</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 175,765
Cash paid for goods and services	(272,875)
Net customer deposits	2,925
Net cash provided by operating activities	<u>(94,185)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Interfund activity	<u>(232,725)</u>
Total cash flows provided by non-capital financing activities	<u>(232,725)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(427,411)
Principal reduction	(47,967)
Capital contributions	760,147
Net cash used by capital and related financing activities	<u>284,769</u>
Net increase (decrease) in cash and cash equivalents	(42,141)
Balances, beginning	193,227
Balances, ending	<u><u>\$ 151,086</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	<u>\$ (85,755)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	106,924
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,414)
Increase (decrease) in accounts payable	(114,865)
Increase (decrease) in customer deposits	2,925
Total adjustments	<u>(8,430)</u>
Net cash provided (used) by operating activities	<u><u>\$ (94,185)</u></u>

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

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

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Roper (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town is a municipal corporation, which is governed by an elected mayor and a four-member council. These financial statements include only the Town, as there were no component units required to be included.

**B. Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental 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 and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

**General Fund.** This fund is the general operating fund of the Town. It is used to account 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 general government, public safety, street maintenance and construction and sanitation services.

The Town reports the following major enterprise fund:

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

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

**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 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, entitlements, 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's 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 system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town because the tax is levied by Washington County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are

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

recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Grant revenues that are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for capital projects. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. 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.

**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) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

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

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

Powell Bill funds are classified as restricted cash within the General Fund because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.1.

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

Customer deposits are classified as restricted cash with the Water and Sewer Fund because they are held by the Town before any services are supplied.

**4. Ad Valorem Taxes Receivable**

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

**5. Allowances for Doubtful Accounts**

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

**6. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a \$1,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Certain items acquired before July 1, 1980 are reported at estimated historical cost using deflated replacement costs. 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 useful lives to the cost of the assets:

<u>Asset Type</u>	<u>Years</u>
Buildings	30
Infrastructure	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

**7. Deferred Outflows/Inflows of Resources**

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

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

then. The Town has three items that meet this criterion for this category –, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**8. Long-Term Obligations**

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

**9. Compensated Absences**

The vacation policy of the Town reads that employees may earn one week of vacation after one year of employment. After two years of employment, employees may receive two weeks of vacation. If the Town does not have an Assistant Clerk, the Clerk may receive four weeks of vacation. A vacation period begins in January and ends in December. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. 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.

Employees may earn four hours of sick leave per month; not to exceed 40 hours per year. The policy does not provide for the accumulation of sick leave. Sick leave not used by December 31<sup>st</sup> of each year is forfeited.

**10. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements is 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, laws or regulations of other governments, or imposed by law through State statute.

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance as of June 30, 2021 is \$0.

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for

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

appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

#### **11. Pensions**

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

#### **II. Stewardship, Compliance, and Accountability**

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

###### **1. Noncompliance with North Carolina General Statutes**

None.

###### **2. Contractual Violations**

None.

###### **3. Deficit in Fund Balance or Net Position of Individual Funds**

None.

###### **4. Excess of Expenditures over Appropriations**

None.

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

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its 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, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risks 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 \$594,917 and a bank balance of \$583,714. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder of \$333,714 was covered by collateral held under the pooling method. The Town's petty cash totaled \$974 at June 30, 2021.

**2. Receivables - Allowances for Doubtful Accounts**

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

	<u>June 30, 2021</u>
General Fund:	
Accounts Receivable	\$ 610
Water and Sewer Fund:	
Accounts Receivable	2,041
	<u>\$ 2,651</u>



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

**3. Capital Assets**

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 158,307	\$ -	\$ -	\$ 158,307
Total capital assets not being depreciated	158,307	-	-	158,307
Capital assets being depreciated				
Buildings	582,195	-	-	582,195
Improvements	370,748	-	-	370,748
Infrastructure	275,351	-	-	275,351
Equipment	68,692	-	-	68,692
Vehicles	47,860	-	-	47,860
Total capital assets being depreciated	1,344,846	-	-	1,344,846
Less accumulated depreciation for				
Buildings	218,086	14,403	-	232,489
Improvements	79,444	14,830	-	94,274
Infrastructure	257,869	1,941	-	259,810
Equipment	53,530	4,540	-	58,070
Vehicles	29,238	3,534	-	32,772
Accumulated depreciation	638,167	\$ 39,248	\$ -	677,415
Total capital assets, depreciated, net	706,679			667,431
Governmental activity capital assets, net	<u>\$ 864,986</u>			<u>\$ 825,738</u>

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

General government	\$ 21,696
Public safety	8,148
Transportation	997
Economic development	2,539
Cultural and recreation	5,868
	<u>\$ 39,248</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<b>Water and Sewer Fund</b>				
Capital assets not being depreciated				
Land	\$ 43,900	\$ -	\$ -	\$ 43,900
Construction in progress	3,191,742	407,137	-	3,598,879
Total capital assets not being depreciated	3,235,642	407,137	-	3,642,779
Capital assets being depreciated				
Plant and distribution systems	4,343,156	20,274	-	4,363,430
Equipment	31,496	-	-	31,496
Total capital assets being depreciated	4,374,652	20,274	-	4,394,926
Less accumulated depreciation for				
Plant and distribution systems	2,077,782	106,491	-	2,184,273
Equipment	30,413	433	-	30,846
Accumulated Depreciation	2,108,195	\$ 106,924	\$ -	2,215,119
Capital assets, depreciated, net	2,266,457			2,179,807
Water and Sewer Fund capital assets	<u>\$ 5,502,099</u>			<u>\$ 5,822,586</u>

#### **4. Construction Commitments**

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

Project	Spent-to-date	Remaining Commitment
Water and sewer treatment facilities	\$ 4,532,294	\$ 232,262
Total	<u>\$ 4,532,294</u>	<u>\$ 232,262</u>

### **B. Liabilities**

#### **1. Pension Plan Obligations**

##### **a. Local Governmental Employees' Retirement System**

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

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town 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 Roper's contractually required contribution rate for the year ended June 30, 2021, was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$6,687 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 \$38,236 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, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.00135%, which was an increase of 0.00011% from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2021, the Town recognized pension expense of \$10,955. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,828	\$ -
Changes of assumptions	2,845	-
Net difference between projected and actual earnings on pension plan investments	5,380	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	677	4,184
Town contributions subsequent to the measurement date	7,877	-
Total	<u>\$ 21,607</u>	<u>\$ 4,184</u>

\$7,877 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 2,270
2023	3,970
2024	1,716
2025	1,592
2026	-
Thereafter	-
Total	<u>\$ 9,548</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 77,576	\$ 38,236	\$ 5,541

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

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

**2. Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources at year-end is comprised of contributions to pension plan in current year in the amount of \$7,877 and pension deferrals in the amount of \$13,730.

Deferred inflows of resources at year-end is comprised of property taxes receivable in the amount of \$90,780, pension deferrals in the amount of \$4,184.

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

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

The Town carries flood insurance through the North Carolina League of Municipalities with a \$50,000 deductible.

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 included in the coverage under Government Crime. The Town Clerk is bonded for \$50,000.

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

**5. Long-Term Obligations**

**a. Note payable**

The Town entered into direct placement borrowing agreement with the State of North Carolina. The total amount owed under the agreement will be \$999,500. The agreement does not bear interest and is paid from the State Reserve Loan Fund under the requirements of NC Connect Bonds. The loan's use is restricted to wastewater treatment plan improvements. Annual principal payments are \$49,975 and are due on May 1 of each year. The agreement does not provide for principal forgiveness. The agreement has a maximum loan term of 20 years and does not require pledged collateral. As of June 30, 2021, the Town owed 929,443 under this agreement. Future maturities are as follows:

Year	Pincipal	Interest	Total
2022	\$ 48,971	\$ -	\$ 48,971
2023	48,971	-	48,971
2024	48,971	-	48,971
2025	48,971	-	48,971
2026	48,971	-	48,971
2027-2033	244,855	-	244,855
2034-2035	391,766	-	391,766
Total	\$ 881,476	\$ -	\$ 881,476

**b. Changes in Long-Term Liabilities**

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
Governmental Activities:					
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	1,814	1,560	-	3,374	3,374
Net pension liability (LGERS)	36,867	1,369	-	38,236	-
Total Governmental Activities	\$ 38,681	\$ 2,929	\$ -	\$ 41,610	\$ 3,374
Business-type Activities:					
Direct placement agreement	\$929,443	\$ -	\$ 47,967	\$ 881,476	\$ 48,971

**C. Inter-fund Balances and Activity**

**Inter-fund Activity**

None.

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

**D. 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	\$ 454,823
Less:	
Stabilization by State Statute	29,318
Streets - Powell Bill	38,861
Remaining Fund Balance (Deficit)	\$ 386,644

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town Clerk will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, and Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Town Clerk has the authority to deviate from this policy if it is in the best interest of the Town. The Town has not officially adopted a fund balance policy.

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

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

**V. Subsequent Events**

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

**VI. Commitments**

The Town entered into a contract with Southern Software from February 28, 2020 through February 27, 2021 for an annual software support fee of \$4,958. The Town paid \$4,958 under the terms of this contract in fiscal year 2021.

The Town entered into a contract with Dennis Brown in September 2017 until terminated for water testing/treatment services. The contract is for \$475 per month. The Town paid Dennis \$5,700 during fiscal year 2021.

The Town entered into a contract with Harrell Environmental Services, LLC in August 2020 for wastewater treatment services. The contract is for \$3,332 per month. The Town paid Harrell Environmental Services, LLC \$39,984 during fiscal year 2021.



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

**VII. Operating Leases for Which the Town is the Lessor**

The Town entered into a contract with the USDA-FSA to lease office space for the period of April 1, 2016 through March 31, 2026. The terms are for the annual rent of \$49,462.26 made in monthly payments in the amount of \$4,121.86 per month.

The Town entered into a contract with TRAC Educational Services Group to lease property to TRAC for \$2,200 a month. The lease term is from August 15, 2020 through August 15, 2021. The Town paid \$4,000 under the terms of this contract during fiscal year 2021.

## Required Supplementary Financial Data

---

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

---

Schedule of Proportionate Share of Net Pension Liability for Local Government Employees'  
Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

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

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Roper's proportion of the net pension liability (asset) (%)	0.00135%	0.00124%	0.00124%	0.00104%	0.00150%	0.00221%	0.00243%	0.00210%
Roper's proportion of the net pension liability (asset) (\$)	\$ 38,236	\$ 36,867	\$ 29,417	\$ 15,888	\$ 31,835	\$ 9,918	\$(14,331)	\$ 25,313
Roper's covered-employee payroll	74,709	81,749	74,068	85,738	97,144	120,291	124,023	156,192
Roper's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.18%	45.10%	39.72%	18.53%	32.77%	8.25%	(11.56%)	16.21%
Plan fiduciary net position as a percentage of the total pension liability**	0.00%	0.00%	94.18%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Roper  
Town of Roper's Contributions  
Required Supplementary Information  
Last Eight Fiscal Years**

**Local Government Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 7,877	\$ 6,687	\$ 6,336	\$ 5,433	\$ 6,213	\$ 6,630	\$ 8,610	\$ 9,469
Contributions in relation to the contractually required contribution	7,877	6,687	6,336	5,433	6,213	6,630	8,610	9,469
Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Roper's covered-employee payroll	\$ 77,607	\$ 74,709	\$ 81,749	\$ 74,068	\$ 85,738	\$ 97,144	\$ 120,291	\$ 124,023
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.34%	7.25%	6.82%	7.16%	7.63%

## **BUDGETARY SCHEDULES**

**Town of Roper  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 118,388	\$
Penalties and interest		6,940	
Total	143,600	125,328	(18,272)
Other taxes:			
DMV tags and taxes		20,404	
Total	20,000	20,404	404
Unrestricted intergovernmental:			
Local option sales taxes		71,070	
Franchise tax		24,106	
USDA Building		49,462	
Beer and wine tax		2,486	
Total	143,862	147,124	3,262
Restricted intergovernmental:			
Powell Bill allocation		17,996	
Total	19,230	17,996	(1,234)
Sales and services:			
Garbage pickup fees		61,716	
Total	50,000	61,716	11,716
Other revenues			
Roper Christmas		-	
Peanut Festival		-	
Miscellaneous		57,828	
Total	33,275	57,828	24,553
Investment earnings	-	-	-
Total revenues	409,967	430,396	20,429

**Town of Roper  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government			
Salaries and employee benefits		81,493	
Operating expenses		50,440	
Festivals		669	
Total general government	<u>194,980</u>	<u>132,602</u>	<u>62,378</u>
Economic and Physical Development			
Gateway building			
Total	<u>7,500</u>	<u>5,553</u>	<u>1,947</u>
Total economic and physical development	<u>7,500</u>	<u>5,553</u>	<u>1,947</u>
Public Safety			
Police			
Salaries and employee benefits			
Operating expenses	<u>20,000</u>	<u>5,000</u>	<u>15,000</u>
Total	<u>20,000</u>	<u>5,000</u>	<u>15,000</u>
Total public safety	<u>20,000</u>	<u>5,000</u>	<u>15,000</u>
Transportation			
Streets and Highways:			
Salaries and employee benefits		53,037	
Street lights		17,119	
Operating expenses		18,103	
Paving and materials		3,284	
Total	<u>118,587</u>	<u>91,543</u>	<u>27,044</u>
Total transportation	<u>118,587</u>	<u>91,543</u>	<u>27,044</u>

**Town of Roper**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Environmental Protection			
Sanitation			
Contract services		59,400	
Total	59,400	59,400	-
Total environmental protection	59,400	59,400	-
Cultural and Recreation			
Operating expenses		2,751	
Total	9,500	2,751	6,749
Debt Service			
Principal		-	
Interest and other charges		-	
Total	-	-	-
Capital Outlay			
Capital Outlay		-	
Total	-	-	-
Total expenditures	409,967	296,849	113,118
Revenues over (under) expenditures	-	133,547	133,547
Other financing sources (uses):			
Appropriated Fund Balance	-	-	-
Unappropriated Fund Balance	-	-	-
Sale of property	-	-	-
Total	-	-	-
Revenues and other financing sources over expenditures and other financing uses	\$ -	133,547	\$ 133,547
Fund balances, beginning		321,276	
Fund balances, ending		\$ 454,823	



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

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water charges	\$	\$ 93,429	\$
Sewer charges		85,600	
Total operating revenues	238,274	179,029	(59,245)
Other operating revenues	-	150	150
Total revenues	238,274	179,179	(59,095)
<b>Expenditures:</b>			
Water and Sewer administration:			
Professional fees	2,500	1,955	
Operating expenses	31,752	-	
Total administration	34,252	1,955	32,297
Water and Sewer treatment and distribution:			
Contract labor	45,684	45,684	
Electricity	16,000	14,058	
Analysis	9,300	8,341	
Supplies and repairs	14,845	15,859	
Other operating expenses	70,226	72,113	
Total treatment and distribution	156,055	156,055	-
Debt service:			
Principal	47,967	47,967	-
Total expenditures	238,274	205,977	32,297
Revenues over (under) expenditures	-	(26,798)	(26,798)
Other financing sources (uses):			
Appropriated Fund Balance	-	-	-
Total other financing sources	-	-	-
(uses)	-	-	-
Revenues over			
expenditures and other uses	\$ -	\$ (26,798)	\$ (26,798)
<b>Reconciliation from budgetary basis</b>			
<b>(modified accrual) to full accrual:</b>			
Revenues and other sources over			
expenditures and other uses		\$ (26,798)	
Reconciling items:			
Principal reduction		47,967	
Capital contributions		760,147	
Depreciation		(106,924)	
Total reconciling items		701,190	
Net income		\$ 674,392	

**Town of Roper**  
**AIA - W Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Grant Income					
AIA	<u>\$ 100,225</u>	<u>\$ 102,112</u>	<u>\$ 4,379</u>	<u>\$ 106,491</u>	<u>\$ 6,266</u>
Expenditures:					
Administration	100,225	83,709	-	83,709	16,516
Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>100,225</u>	<u>83,709</u>	<u>-</u>	<u>83,709</u>	<u>16,516</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 18,403</u>	<u>\$ 4,379</u>	<u>\$ 22,782</u>	<u>\$ 22,782</u>

**Town of Roper**  
**CDBG 16-I-2723 Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grants					
CDBG	<u>\$ 1,092,000</u>	<u>\$ 1,071,680</u>	<u>\$ 140,569</u>	<u>\$ 1,212,249</u>	<u>\$ 120,249</u>
Expenditures:					
Administration	109,200	77,700	12,500	90,200	19,000
Construction	982,800	1,014,300	(12,500)	1,001,800	(19,000)
Engineering	-	-	-	-	-
Total expenditures	<u>1,092,000</u>	<u>1,092,000</u>	<u>-</u>	<u>1,092,000</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (20,320)</u>	<u>\$ 140,569</u>	<u>\$ 120,249</u>	<u>\$ 120,249</u>

**Town of Roper**  
**DWI - WIF 1966 Water System Improvement**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grant Income					
CDBG	<u>\$ 1,013,675</u>	<u>\$ -</u>	<u>\$ 647,305</u>	<u>\$ 647,305</u>	<u>\$ (366,370)</u>
Expenditures:					
Construction	805,175	-	342,137	342,137	463,038
Engineering	208,500	-	67,709	67,709	140,791
Administrative	-	-	-	-	-
Total expenditures	<u>1,013,675</u>	<u>-</u>	<u>409,846</u>	<u>409,846</u>	<u>603,829</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,459</u>	<u>\$ 237,459</u>	<u>\$ 237,459</u>

**Town of Roper**  
**State Reserve Loan Program**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Other	\$ -	\$ 979,419	\$ -	\$ 979,419	\$ 979,419
Expenditures:					
Administration	47,490	11,963	-	11,963	35,527
Engineering	130,000	-	-	-	130,000
Construction	822,010	958,316	-	958,316	(136,306)
Total expenditures	999,500	970,279	-	970,279	29,221
Other financing sources					
State reserve loan proceeds	999,500	979,419	-	979,419	20,082
Revenues over expenditures	\$ -	\$ 9,140	\$ -	\$ 9,140	\$ 950,198

## **OTHER SCHEDULES**

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

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Abatements and Adjustments	Uncollected Balance June 30, 2021
2021	\$ -	\$ 122,699	\$ (100,846)	\$ -	\$ 21,853
2020	16,182	-	(5,363)	-	10,819
2019	21,284	-	(2,963)	-	18,321
2018	9,051	-	(1,482)	-	7,569
2017	8,225	-	(1,707)	-	6,518
2016	7,842	-	(2,053)	-	5,789
2015	4,117	-	(2,251)	-	1,866
2014	3,027	-	(631)	-	2,396
2013	4,189	-	-	-	4,189
2012	2,350	-	(162)	-	2,188
2011	3,250	-	(620)	-	2,630
2010	3,574	-	(55)	-	3,519
2009	2,011	-	(57)	-	1,954
2008	1,212	-	(43)	-	1,169
	<u>\$ 86,314</u>	<u>\$ -</u>	<u>\$ (118,233)</u>	<u>\$ -</u>	<u>\$ 90,780</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 125,328
Reconciling items:	
Interest collected	(6,940)
DMV Taxes Collected	19,151
Taxes written off	(19,306)
Total collections and credits	<u>\$ 118,233</u>

**Town of Roper**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at					
Current Year Rate	\$ 15,479,756	0.82	\$ 126,934	\$ 126,934	\$ -
Less elderly exemption	(521,353)	0.82	(4,275)	(4,275)	-
Registered motor vehicles	2,350,826	0.82	19,277	-	19,277
Late charges	-	0.82	40	40	-
Total Property Valuation	<u>\$ 17,309,229</u>		<u>\$ 141,976</u>	<u>\$ 122,699</u>	<u>\$ 19,277</u>
Net levy			\$ 141,976	\$ 122,699	\$ 19,277
Uncollected taxes at June 30, 2021			<u>21,853</u>	<u>21,853</u>	<u>-</u>
Current year's taxes collected			<u>\$ 120,123</u>	<u>\$ 100,846</u>	<u>\$ 19,151</u>
Current levy collection percentage			<u>84.61%</u>	<u>82.19%</u>	<u>99.35%</u>



## **COMPLIANCE SECTION**



PETWAY

MILLS &

PEARSON, PA

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.  
Phyllis M. Pearson

Zebulon Office  
P.O. Box 1036  
806 N. Arendell Ave.  
Zebulon, NC 27597  
919.269.7405  
919.269.8728 Fax

Raleigh Office  
9121 Anson Way  
Raleigh, NC 27615  
919-781-1047

[www.pmpcpa.com](http://www.pmpcpa.com)

Memberships:

North Carolina  
Association of  
Certified Public  
Accountants

American Institute  
Of Certified Public  
Accountants

Medical Group  
Management  
Association

Independent Auditors' Report On Internal Control Over Financial  
Reporting And On Compliance and Other Matters Based On An Audit Of  
Financial Statements Performed In Accordance With *Government  
Auditing Standards*

To the Honorable Mayor  
And Members of the Town Council  
Town of Roper, 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 accompanying financial statements of the governmental activities, business-type activities and each major fund of Town of Roper, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Roper's basic financial statements, and have issued our report thereon December 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Roper's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Roper'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or

significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Roper'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

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

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

December 1, 2021

**Town of Roper  
Schedule of Findings and Responses  
For the Year Ended June 30, 2021**

**SECTION I. – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:                      Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        \_\_\_\_\_ yes                        x   no

Significant deficiency (ies) identified  
that are not considered to be  
material weaknesses?                      \_\_\_\_\_ yes                        x   none reported

Noncompliance material to financial  
statements noted                              \_\_\_\_\_ yes                        x   no

**Town of Roper  
Schedule of Findings and Responses  
For the Year Ended June 30, 2021**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**Town of Roper  
Corrective Action Plan  
For the Year Ended June 30, 2021**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None required.

**Town of Roper  
Summary Schedule of Prior Year's Audit Findings  
For the Year Ended June 30, 2020**

**SECTION II. – FINANCIAL STATEMENT FINDINGS**

**No findings in prior year.**

**Town of Roper**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2021**

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
NC STATE GRANTS:			
CASH ASSISTANCE			
<u>N.C. Department of Environmental Quality</u>			
CDBG - Division of Water Infrastructure		WIF 1966	\$ 409,846
<u>NC Department of Transportation</u>			
Powell Bill		DOT-4	<u>3,284</u>
Total NC Department of Transportation			<u>3,284</u>
TOTAL STATE AWARDS			<u>\$ 413,130</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the Town of Roper under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. Because the Schedule presents only a selected portion of the operations of the Town of Roper, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Roper.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule of Expenditures of Federal and State Awards are reported on the accrual

Indirect costs

The Town of Roper has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

Loans Outstanding

State of North Carolina	
State Reserve Loan Program	<u>\$ 881,476</u>