

Town of Stantonsburg North Carolina Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2021





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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council
Town of Stantonburg, 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 Stantonburg, 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 Stantonburg, North Carolina'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. 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Stantonburg, North Carolina, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof 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 4.1 through 4.12, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 19 and 20, respectively, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 21 and 22, and the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Carr, Riggs & Ingram, P.L.L.C.

Wilson, North Carolina

February 14, 2022

Management's Discussion and Analysis

Town of Stantonburg, North Carolina

Management's Discussion and Analysis

June 30, 2021

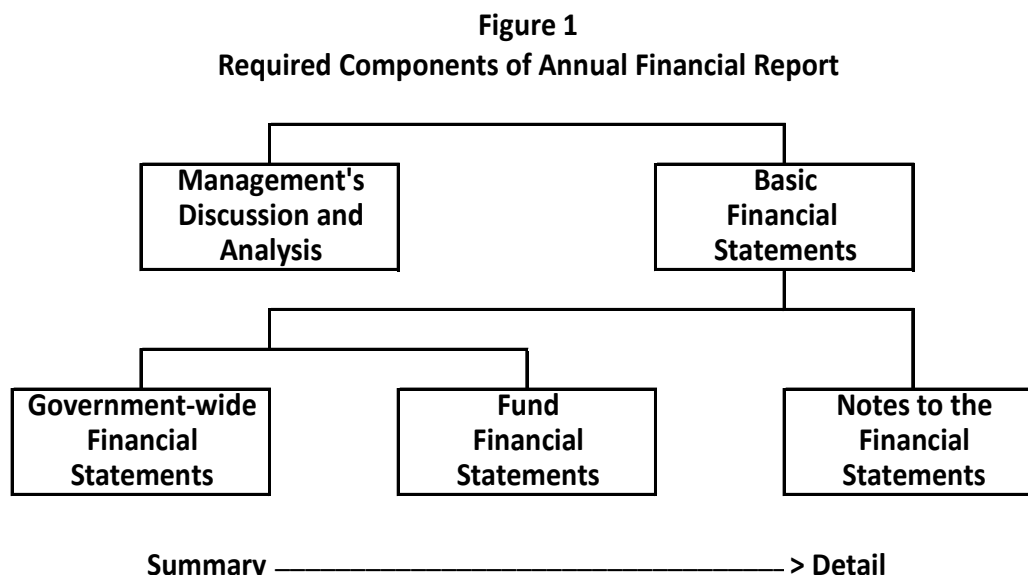
As management of the Town of Stantonburg (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with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

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,614,676 (*net position*).
- The government's total net position increased by \$315,873, primarily due to increases in net position in the Town's enterprise funds.
- As of the close of the current fiscal year, the Town's governmental fund reported ending fund balance of \$762,792, with a net change of \$117,067 in fund balance. Approximately 32.39 percent of this total amount, or \$247,095 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$491,697, or 57.75 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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



Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

Basic Financial Statements

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

The next statements (Exhibits 3 through 10) 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, **required supplemental information, supplemental information, and other information** is provided to show information about the Town's progress in funding its obligations to provide Local Government Employees' Retirement System and Law Enforcement Officers' Special Separation Allowance benefits and details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements. The other information presents data and analysis relating to the Town's Ad Valorem taxes and the tax levy.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, economic and physical development, environmental protection, cultural and recreational, 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 electric and water and sewer services offered by the Town.

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
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Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if more or fewer financial resources are 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 adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activity and for its electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. The Town adopts an annual budget for its Enterprise Funds, as required by the General Statutes.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18.1 of this report.

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other health benefits to its employees. Required supplementary information can be found beginning on page 19. Also accompanying the basic financial statements, notes, and required supplementary information is supplementary and other information concerning the Town's operations and property taxes. The supplementary and information can be found beginning on page 24 of this report.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

CONDENSED STATEMENT OF NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|------------------------------------|--------------|-------------------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 809,353 | \$ 690,223 | \$ 6,401,462 | \$ 6,152,528 | \$ 7,210,815 | \$ 6,842,751 |
| Non-current assets | 14,835 | 14,835 | - | - | 14,835 | 14,835 |
| Capital assets | 1,356,806 | 1,324,175 | 8,035,758 | 8,128,241 | 9,392,564 | 9,452,416 |
| Deferred outflows of resources | 131,460 | 88,694 | 129,013 | 107,804 | 260,473 | 196,498 |
| Total assets and deferred outflows of resources | 2,312,454 | 2,117,927 | 14,566,233 | 14,388,573 | 16,878,687 | 16,506,500 |
| Current liabilities | 32,127 | 22,119 | 373,677 | 300,732 | 405,804 | 322,851 |
| Long-term liabilities | 223,461 | 177,724 | 2,551,336 | 2,616,197 | 2,774,797 | 2,793,921 |
| Deferred inflows of resources | 78,450 | 89,335 | 4,960 | 1,590 | 83,410 | 90,925 |
| Total liabilities and deferred inflows of resources | 334,038 | 289,178 | 2,929,973 | 2,918,519 | 3,264,011 | 3,207,697 |
| Net position: | | | | | | |
| Net investment in capital assets | 1,356,806 | 1,324,175 | 5,613,314 | 5,619,510 | 6,970,120 | 6,943,685 |
| Restricted | 247,095 | 221,642 | - | - | 247,095 | 221,642 |
| Unrestricted | 374,515 | 282,932 | 6,022,946 | 5,850,544 | 6,397,461 | 6,133,476 |
| Total net position | \$ 1,978,416 | \$ 1,828,749 | \$ 11,636,260 | \$ 11,470,054 | \$ 13,614,676 | \$ 13,298,803 |

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$13,614,676 as of June 30, 2021. The Town's net position increased by \$315,873 for the fiscal year ended June 30, 2021. However, the largest portion (51.20%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$247,095, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,397,461 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.00%. The statewide average in fiscal year 2020 was 98.96%.
- Capital grants and contributions in the amount of \$76,416 which contributed to the overall increase.
- Increased sales tax revenues of approximately \$9,826 due to economic growth in the Town.
- The General Fund received a transfer from the Electric Fund in the amount of \$389,573 which contributed to the overall increase.

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|--------------------------------|--------------|---------------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 119,202 | \$ 113,709 | \$ 3,262,618 | \$ 3,096,377 | \$ 3,381,820 | \$ 3,210,086 |
| Operating grants and contributions | 26,234 | 25,890 | 20,377 | - | 46,611 | 25,890 |
| Capital grants and contributions | 76,416 | - | 9,353 | 103,867 | 85,769 | 103,867 |
| General revenues: | | | | | | |
| Property taxes | 203,706 | 194,808 | - | - | 203,706 | 194,808 |
| Other taxes | 91,467 | 81,603 | - | - | 91,467 | 81,603 |
| Grants and contributions not restricted to specific programs | 87,620 | 84,390 | - | - | 87,620 | 84,390 |
| Unrestricted investment earnings | 2,086 | 7,897 | 22,445 | 78,348 | 24,531 | 86,245 |
| Miscellaneous | 6,771 | 8,737 | - | - | 6,771 | 8,737 |
| Total revenues | 613,502 | 517,034 | 3,314,793 | 3,278,592 | 3,928,295 | 3,795,626 |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| General government | 203,239 | 215,632 | - | - | 203,239 | 215,632 |
| Public safety | 401,101 | 374,773 | - | - | 401,101 | 374,773 |
| Transportation | 90,458 | 89,309 | - | - | 90,458 | 89,309 |
| Economic and physical development | 3,691 | 19,428 | - | - | 3,691 | 19,428 |
| Human services | 2,998 | 5,220 | - | - | 2,998 | 5,220 |
| Environmental protection | 123,398 | 106,480 | - | - | 123,398 | 106,480 |
| Cultural and recreational | 28,523 | 28,204 | - | - | 28,523 | 28,204 |
| Business-type activities: | | | | | | |
| Electric | - | - | 1,840,535 | 1,691,578 | 1,840,535 | 1,691,578 |
| Water and sewer | - | - | 918,479 | 873,875 | 918,479 | 873,875 |
| Total expenses | 853,408 | 839,046 | 2,759,014 | 2,565,453 | 3,612,422 | 3,404,499 |
| Increase (decrease) in net position before transfers | (239,906) | (322,012) | 555,779 | 713,139 | 315,873 | 391,127 |
| Transfers | 389,573 | 290,000 | (389,573) | (290,000) | - | - |
| Increase (decrease) in net position | 149,667 | (32,012) | 166,206 | 423,139 | 315,873 | 391,127 |
| Net position, July 1 as previously reported | 1,828,749 | 1,882,376 | 11,470,054 | 11,075,566 | 13,298,803 | 12,957,942 |
| Change in accounting principle | - | (21,615) | - | (28,651) | - | (50,266) |
| Net position, July 1 as restated | 1,828,749 | 1,860,761 | 11,470,054 | 11,046,915 | 13,298,803 | 12,907,676 |
| Net position, June 30 | \$ 1,978,416 | \$ 1,828,749 | \$ 11,636,260 | \$ 11,470,054 | \$ 13,614,676 | \$ 13,298,803 |

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

Governmental activities: Governmental activities increased the Town's net position by \$149,667. The increase in net position was the result of a concerted effort to control costs and manage expenditures. Town management continued to reduce non-essential programs to a minimum and implemented cost saving strategies across Town departments. Certain nonrecurring expenses were either postponed or renegotiated to maintain a healthy net position. Management believes healthy investment in the Town will result in additional revenues, adding to the Town's net position by investing in capital assets which were largely funded by public safety capital grants and contributions. Increased efforts to maximize tax collections also contributed to the favorable net position. Town management acknowledges that 2021 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Business-type activities: Business-type activities increased the Town's net position by \$166,206, accounting 52.62% of the total growth in the government's net position.

Key elements of this increase are as follows:

- The Town's Electric Fund had an increase of \$172,119 in net position and the Town's Water and Sewer Fund had a decrease of (\$5,913) in net position.
- The increase in net position in the Electric Fund was \$561,692 before a \$389,573 transfer to the General Fund.
- Rate increases and cost-saving measures taken to reduce operating costs in the Water and Sewer Fund contributed to keeping the decrease in net position to only (\$5,913).

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's unassigned fund balance in the General Fund was \$491,697, while total fund balance increased to \$762,792, which is a net increase in fund balance of \$117,067. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.75 percent of total General Fund expenditures, while total fund balance represents 89.59 percent of that same amount.

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.

There were several reasons the Town revised its budget throughout the year. The Town received restricted intergovernmental revenues that became available for appropriation in 2021. The Town also increased the budgeted transfer from the Electric Fund and correspondingly increased General Fund expenditures to account for unexpected capital outlay expenditures. Revenues were less than the budgeted amounts primarily because ad valorem taxes received were less than the Town originally had expected to receive. Expenditures were held in check to allow the Town to comply with its budgetary requirements.

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 Electric Fund at the end of the fiscal year amounted to \$3,629,900, and those of the Water and Sewer Fund amounted to \$2,393,046. The total change in net position for both funds was \$172,119 and (\$5,913), respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
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Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$9,392,564 (net of accumulated depreciation). These assets include land, buildings, utilities delivery systems, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following:

- The Stantonsburg EMS dissolved and donated real estate to the Town with an acquisition value of \$42,947. The Town is using the building to house the Town's police department.
- The Town purchased \$10,000 in technology improvements with Coronavirus Relief grant funding.
- The Town purchased \$23,469 in police equipment with Edward Byrne Memorial Justice Assistance grant funding.
- Seal Building porch improvements in the amount of \$23,572.
- New Electric Fund line truck in the amount of \$213,490.
- Electric system improvements of \$13,901.
- Well #4 rehabilitation including the installation of a new submersible pump for \$18,310.
- Water and sewer system improvements of \$16,781.
- Construction in progress for water and sewer capital projects of \$50,964.

SUMMARY OF CAPITAL ASSETS
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 64,607 | \$ 57,107 | \$ 110,776 | \$ 110,776 | \$ 175,383 | \$ 167,883 |
| Construction in progress | - | - | 70,748 | 19,784 | 70,748 | 19,784 |
| Buildings | 107,678 | 54,988 | 110,629 | 113,974 | 218,307 | 168,962 |
| Other improvements | 2,760 | 2,861 | - | - | 2,760 | 2,861 |
| Electrical system & substation | - | - | 894,000 | 918,253 | 894,000 | 918,253 |
| Water plant and distribution systems | - | - | 2,931,473 | 3,022,043 | 2,931,473 | 3,022,043 |
| Sewer plant and collection systems | - | - | 3,454,590 | 3,624,550 | 3,454,590 | 3,624,550 |
| Equipment and furniture | 257,981 | 241,986 | 225,979 | 261,306 | 483,960 | 503,292 |
| Vehicles | 147,036 | 166,400 | 237,563 | 57,555 | 384,599 | 223,955 |
| Infrastructure | 776,744 | 800,833 | - | - | 776,744 | 800,833 |
| Totals | \$ 1,356,806 | \$ 1,324,175 | \$ 8,035,758 | \$ 8,128,241 | \$ 9,392,564 | \$ 9,452,416 |

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

Town of Stantonsburg, North Carolina
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Long-Term Debt. As of June 30, 2021, the Town had total bonded debt outstanding of \$1,759,000, all of which was secured solely by specified revenue sources (e.g. revenue bonds).

TOWN OF STANTONSBURG'S OUTSTANDING DEBT

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| NC Clean Water Revolving Loan | \$ - | \$ - | \$ 663,444 | \$ 718,731 | \$ 663,444 | \$ 718,731 |
| Water and Sewer System | | | | | | |
| Revenue Bonds | - | - | 1,759,000 | 1,790,000 | 1,759,000 | 1,790,000 |
| Compensated absences | 11,703 | 19,104 | 21,220 | 27,753 | 32,923 | 46,857 |
| Net pension liability (LGERS) | 135,372 | 115,852 | 179,447 | 152,325 | 314,819 | 268,177 |
| Total pension liability (LEOSSA) | 64,101 | 32,686 | - | - | 64,101 | 32,686 |
| Total OPEB liability | 23,988 | 22,324 | 31,799 | 29,592 | 55,787 | 51,916 |
| Totals | <u>\$235,164</u> | <u>\$189,966</u> | <u>\$ 2,654,910</u> | <u>\$ 2,718,401</u> | <u>\$ 2,890,074</u> | <u>\$ 2,908,367</u> |

Town of Stantonsburg's Outstanding Debt. The Town's total debt decreased by \$18,293 (0.63%) during the current fiscal year. The key factors in this decrease were a decrease in compensated absences of \$13,934; an increase of \$46,642 in the net pension liability for the Local Government Employees' Retirement System (LGERS); an increase of \$31,415 in the total pension liability of the Law Enforcement Officers' Special Separation Allowance (LEOSSA); and an increase in the total OPEB liability of \$3,871. These increases were offset by planned debt service principal payments of \$86,287.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$3,326,912. The Town has no bonds authorized but unissued at June 30, 2021.

Additional information regarding the Town's long-term debt can be found in Note III.B.8 of this report.

Town of Stantonsburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

Economic Factors and Next Year's Budgets and Rates

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

- The Town is located in southeastern Wilson County in North Carolina. According to recent unemployment data, the June 2021 unemployment rate for Wilson County was 6.7% while the State's unemployment rate was at 4.6%. The national unemployment rate for June 2021 was 5.9%. These unemployment rates were adversely affected by the ongoing worldwide pandemic and the resulting economic restrictions and hardships caused by the Covid-19 Pandemic.
- The Town has experienced some modest growth in retail business over the past several years; however, retail growth did slow during the 2020-21 FY most likely related to the ongoing effects of the Covid-19 Pandemic. That said, throughout the worst of the pandemic, the Town did not lose any existing retail businesses.
- The Town has experienced increased residential growth in recent years. Recently, construction was completed on a 15-lot subdivision just outside of the Town Limits. The Town provides electric, water, and sanitation services to these homes. Additionally, permitting began and construction is underway on the first 43-lots of a proposed 200-lot subdivision on Sandpit Road that will be annexed upon construction completion. This subdivision will be served by all of the Town's major utilities, including water, sewer, and electrical services.
- A partnership was formed with the N.C. Department of Commerce and the Rural Planning Center allowing for the completion of an Economic Development Study and the creation of a short-range economic development plan. This plan will be implemented in the coming fiscal years in order to capitalize on local and regional attraction to the Town.
- The City of Wilson and Wilson County have partnered to create a 600-acre corporate park, named the 587 Campus, and located 10 minutes outside of Stantonsburg. It is anticipated that the Economic Development Planning will allow the Town to capitalize on increased workforce demand and continued residential growth in the coming years.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The Town's property tax rate will remain unchanged at 50 cents per hundred dollars of valuation.

Budgeted expenditures in the General Fund are expected to rise approximately 11.63% to \$1,157,169. The largest increments are in the transportation department with anticipated street paving projects.

The Town has chosen to appropriate fund balance in the amount of \$24,000 in the fiscal year 2022 budget. Management believes that continued restrictions on spending will maintain the Town's financial position. As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$4,159 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Town of Stantonburg, North Carolina
Management's Discussion and Analysis
June 30, 2021

Business-type Activities: With the new budget year, the Town's solid waste, electric, and water and sewer rates will remain unchanged.

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 Manager, Town of Stantonburg, P.O. Box 10, Stantonburg, NC 27883. One can also call (252)238-3608, visit our website www.townofstantonburg.com or send an email to david@townofstantonburg.com for more information.

Town of Stantonsburg, North Carolina
Town Council and Key Staff
June 30, 2021

Town Council Members

Coley Rhodes, Mayor

Donnie Bass, Mayor Pro Tem

Ken D. Horne

Steve Mooring

Walter Bynum

Benjamin Harper

Administrative and Financial Staff

David Beaman, Town Manager

Cindy Rhodes, Finance Officer

Patsy Godwin, Tax Collector

Basic Financial Statements

Town of Stantonsburg, North Carolina
Statement of Net Position
June 30, 2021
Exhibit 1

| | Primary Government | | |
|--|-------------------------|--------------------------|---------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 133,914 | \$ 3,088,011 | \$ 3,221,925 |
| Investments | 402,235 | 2,664,466 | 3,066,701 |
| Taxes receivable (net) | 15,338 | - | 15,338 |
| Accrued interest receivable on taxes | 7,301 | - | 7,301 |
| Accounts receivable (net) | 22,135 | 234,235 | 256,370 |
| Due from other governments | 38,572 | 21,820 | 60,392 |
| Inventories | - | 175,182 | 175,182 |
| Restricted assets: | | | |
| Cash and cash equivalents | 68,501 | 217,748 | 286,249 |
| Investments | 121,357 | - | 121,357 |
| Total current assets | 809,353 | 6,401,462 | 7,210,815 |
| Non-current assets: | | | |
| Nuisance abatement receivable | 14,835 | - | 14,835 |
| Capital assets: | | | |
| Land, non-depreciable improvements, and construction in progress | 64,607 | 181,524 | 246,131 |
| Other capital assets, net of depreciation | 1,292,199 | 7,854,234 | 9,146,433 |
| Total capital assets | 1,356,806 | 8,035,758 | 9,392,564 |
| Total assets | 2,180,994 | 14,437,220 | 16,618,214 |
| Deferred outflows of resources | | | |
| Pension deferrals | 118,689 | 112,085 | 230,774 |
| OPEB deferrals | 12,771 | 16,928 | 29,699 |
| Total deferred outflows of resources | 131,460 | 129,013 | 260,473 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 20,424 | 154,178 | 174,602 |
| Current portion of long-term liabilities | 11,703 | 103,574 | 115,277 |
| Payable from restricted assets | - | 115,925 | 115,925 |
| Total current liabilities | 32,127 | 373,677 | 405,804 |
| Long-term liabilities: | | | |
| Net pension liability - LGERS | 135,372 | 179,447 | 314,819 |
| Total pension liability - LEOSA | 64,101 | - | 64,101 |
| Total OPEB liability | 23,988 | 31,799 | 55,787 |
| Due in more than one year | - | 2,340,090 | 2,340,090 |
| Total liabilities | 255,588 | 2,925,013 | 3,180,601 |
| Deferred inflows of resources | | | |
| Prepaid taxes | 28 | - | 28 |
| Pension deferrals | 77,415 | 3,625 | 81,040 |
| OPEB deferrals | 1,007 | 1,335 | 2,342 |
| Total deferred inflows of resources | 78,450 | 4,960 | 83,410 |
| Net position | | | |
| Net investment in capital assets | 1,356,806 | 5,613,314 | 6,970,120 |
| Restricted for: | | | |
| Stabilization by State statute | 57,237 | - | 57,237 |
| Streets - Powell Bill | 189,858 | - | 189,858 |
| Unrestricted | 374,515 | 6,022,946 | 6,397,461 |
| Total net position | \$ 1,978,416 | \$ 11,636,260 | \$ 13,614,676 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 2

| | Program Revenues | | | |
|-----------------------------------|------------------|--------------|----------------|---------------|
| | Charges for | Operating | Capital Grants | |
| Functions/Programs | Expenses | Services | Grants and | Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 203,239 | \$ 600 | \$ - | \$ - |
| Public safety | 401,101 | 805 | 3,475 | 76,416 |
| Transportation | 90,458 | - | 22,173 | - |
| Economic and physical development | 3,691 | - | - | - |
| Human services | 2,998 | - | - | - |
| Environmental protection | 123,398 | 117,662 | 586 | - |
| Cultural and recreational | 28,523 | 135 | - | - |
| Total governmental activities | 853,408 | 119,202 | 26,234 | 76,416 |
| Business-type activities: | | | | |
| Electric | 1,840,535 | 2,358,769 | - | - |
| Water and sewer | 918,479 | 903,849 | 20,377 | 9,353 |
| Total business-type activities | 2,759,014 | 3,262,618 | 20,377 | 9,353 |
| Total primary government | \$ 3,612,422 | \$ 3,381,820 | \$ 46,611 | \$ 85,769 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 2

Functions/Programs

Primary government:

Governmental activities:

General government

Public safety

Transportation

Economic and physical development

Human services

Environmental protection

Cultural and recreational

Total governmental activities

Business-type activities:

Electric

Water and sewer

Total business-type activities

Total primary government

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------------|---------------|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| \$ (202,639) | \$ - | \$ (202,639) |
| (320,405) | - | (320,405) |
| (68,285) | - | (68,285) |
| (3,691) | - | (3,691) |
| (2,998) | - | (2,998) |
| (5,150) | - | (5,150) |
| (28,388) | - | (28,388) |
| (631,556) | - | (631,556) |
| - | 518,234 | 518,234 |
| - | 15,100 | 15,100 |
| - | 533,334 | 533,334 |
| (631,556) | 533,334 | (98,222) |
| 203,706 | - | 203,706 |
| 91,467 | - | 91,467 |
| 87,620 | - | 87,620 |
| 2,086 | 22,445 | 24,531 |
| 6,771 | - | 6,771 |
| 389,573 | (389,573) | - |
| 781,223 | (367,128) | 414,095 |
| 149,667 | 166,206 | 315,873 |
| 1,828,749 | 11,470,054 | 13,298,803 |
| \$ 1,978,416 | \$ 11,636,260 | \$ 13,614,676 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Governmental Fund
Balance Sheet
June 30, 2021
Exhibit 3

| Major Fund |
|------------|
| General |

Assets

| | |
|--------------------------------------|--------------------------|
| Cash and cash equivalents | \$ 133,914 |
| Investments | 402,235 |
| Restricted cash and cash equivalents | 68,501 |
| Restricted investments | 121,357 |
| Taxes receivable, net | 15,338 |
| Accounts receivable, net | 36,970 |
| Due from other governments | 38,572 |
| Total assets | <u><u>\$ 816,887</u></u> |

Liabilities

| | |
|--|------------------|
| Accounts payable and accrued liabilities | <u>\$ 20,424</u> |
|--|------------------|

Deferred inflows of resources

| | |
|-------------------------------------|----------------------|
| Property taxes receivable | 15,338 |
| Accounts receivable | 18,305 |
| Prepaid taxes | 28 |
| Total deferred inflows of resources | <u><u>33,671</u></u> |

Fund balances

| | |
|--|--------------------------|
| Restricted | |
| Stabilization by State statute | 57,237 |
| Streets - Powell Bill | 189,858 |
| Assigned | |
| Subsequent year's expenditures | 24,000 |
| Unassigned | 491,697 |
| Total fund balances | <u><u>762,792</u></u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 816,887</u></u> |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2021
Exhibit 4

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position follows:

| | |
|---|---------------------|
| Total fund balances of governmental fund | \$ 762,792 |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund (total capital assets on government-wide statement in governmental activities column) | \$ 2,441,598 |
| Less accumulated depreciation | <u>(1,084,792)</u> |
| Net capital assets | 1,356,806 |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the governmental fund | 7,301 |
| Deferred outflows of resources related to pensions are not reported in the funds | 118,689 |
| Deferred outflows of resources related to OPEB are not reported in the funds | 12,771 |
| Earned revenues considered deferred inflows of resources in fund statements. | 33,643 |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements: | |
| Compensated absences | (11,703) |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds: | |
| Net pension liability | (135,372) |
| Total pension liability | (64,101) |
| OPEB liability | (23,988) |
| Deferred inflows of resources related to pensions are not reported in the funds | (77,415) |
| Deferred inflows of resources related to OPEB are not reported in the funds | <u>(1,007)</u> |
| Net position of governmental activities | <u>\$ 1,978,416</u> |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021
Exhibit 5

| | Major Fund | |
|------------------------------------|------------|------------------|
| | General | |
| Revenues: | | |
| Ad valorem taxes | \$ | 211,504 |
| Unrestricted intergovernmental | | 177,399 |
| Restricted intergovernmental | | 56,228 |
| Permits and fees | | 828 |
| Sales and services | | 121,597 |
| Investment earnings | | 2,086 |
| Miscellaneous income | | 7,166 |
| Total revenues | | <u>576,808</u> |
| Expenditures: | | |
| Current: | | |
| General government | | 236,567 |
| Public safety | | 405,095 |
| Transportation | | 65,396 |
| Economic and physical development | | 3,691 |
| Human services | | 2,998 |
| Environmental protection | | 120,916 |
| Cultural and recreational | | 16,746 |
| Total expenditures | | <u>851,409</u> |
| Revenues over (under) expenditures | | <u>(274,601)</u> |
| Other financing sources: | | |
| Transfers from other funds | | 389,573 |
| Insurance recoveries | | 2,095 |
| Total other financing sources | | <u>391,668</u> |
| Net change in fund balance | | 117,067 |
| Fund balance, beginning | | <u>645,725</u> |
| Fund balance, ending | \$ | 762,792 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 6

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

| | |
|--|-------------------|
| Net change in fund balance of governmental fund | \$ 117,067 |
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | 67,075 |
| Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements | (77,391) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 34,544 |
| OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities | 8,449 |
| Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements: | |
| Acquisition value of real estate donated to the Town | 42,947 |
| Change in unavailable revenue for tax revenues | (6,199) |
| Decrease in accrued interest receivable on taxes | (1,599) |
| Change in unavailable sales and services revenues | (550) |
| Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements: | |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources | 7,401 |
| Pension expense | (39,918) |
| OPEB plan expense | (2,159) |
| Total changes in net position of governmental activities | <u>\$ 149,667</u> |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2021
Exhibit 7

| General Fund | | | | |
|---|--------------------|--------------|-------------------|---|
| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
| Revenues: | | | | |
| Ad valorem taxes | \$ 230,000 | \$ 230,000 | \$ 211,504 | \$ (18,496) |
| Unrestricted intergovernmental | 159,700 | 159,700 | 177,399 | 17,699 |
| Restricted intergovernmental | 25,000 | 58,505 | 56,228 | (2,277) |
| Permits and fees | 1,800 | 1,800 | 828 | (972) |
| Sales and services | 119,100 | 119,100 | 121,597 | 2,497 |
| Investment earnings | 17,500 | 17,500 | 2,086 | (15,414) |
| Miscellaneous income | 25,200 | 25,200 | 7,166 | (18,034) |
| Total revenues | 578,300 | 611,805 | 576,808 | (34,997) |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 262,900 | 299,922 | 236,567 | 63,355 |
| Public safety | 384,250 | 470,146 | 405,095 | 65,051 |
| Transportation | 103,300 | 104,885 | 65,396 | 39,489 |
| Economic and physical development | 4,500 | 4,500 | 3,691 | 809 |
| Human services | 7,500 | 7,500 | 2,998 | 4,502 |
| Environmental protection | 116,800 | 131,094 | 120,916 | 10,178 |
| Cultural and recreational | 18,050 | 18,533 | 16,746 | 1,787 |
| Total expenditures | 897,300 | 1,036,580 | 851,409 | 185,171 |
| Revenues over (under) expenditures | (319,000) | (424,775) | (274,601) | 150,174 |
| Other financing sources: | | | | |
| Appropriated fund balance | 24,000 | 35,202 | - | (35,202) |
| Transfer from Electric Fund | 295,000 | 389,573 | 389,573 | - |
| Insurance recoveries | - | - | 2,095 | 2,095 |
| Total other financing sources | 319,000 | 424,775 | 391,668 | (33,107) |
| Revenues and other financing sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | 117,067 | <u>\$ 117,067</u> |
| Fund balance, beginning | | | <u>645,725</u> | |
| Fund balance, ending | | | <u>\$ 762,792</u> | |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Proprietary Funds
Statement of Net Position
June 30, 2021
Exhibit 8

| | Major Enterprise Funds | | |
|--|------------------------|----------------------|---------------|
| | Electric Fund | Water and Sewer Fund | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,176,112 | \$ 911,899 | \$ 3,088,011 |
| Investments | 1,363,605 | 1,300,861 | 2,664,466 |
| Accounts receivable (net) | 118,668 | 115,567 | 234,235 |
| Due from other governments | 21,820 | - | 21,820 |
| Inventories | 166,122 | 9,060 | 175,182 |
| Restricted assets: | | | |
| Cash and cash equivalents | 115,925 | 101,823 | 217,748 |
| Total current assets | 3,962,252 | 2,439,210 | 6,401,462 |
| Capital assets: | | | |
| Land, non-depreciable improvements, and construction in progress | 20,836 | 160,688 | 181,524 |
| Other capital assets, net of depreciation | 1,245,657 | 6,608,577 | 7,854,234 |
| Capital assets (net) | 1,266,493 | 6,769,265 | 8,035,758 |
| Total assets | 5,228,745 | 9,208,475 | 14,437,220 |
| Deferred outflows of resources | | | |
| Pension deferrals | 70,790 | 41,295 | 112,085 |
| OPEB deferrals | 10,691 | 6,237 | 16,928 |
| Total deferred outflows of resources | 81,481 | 47,532 | 129,013 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 145,625 | 8,553 | 154,178 |
| Compensated absences payable - current | 10,799 | 5,488 | 16,287 |
| NC Clean Water Revolving Loan - current | - | 55,287 | 55,287 |
| Water and sewer system revenue bonds - current | - | 32,000 | 32,000 |
| Liabilities payable from restricted assets: | | | |
| Customer deposits | 115,925 | - | 115,925 |
| Total current liabilities | 272,349 | 101,328 | 373,677 |
| Non-current liabilities: | | | |
| Compensated absences payable | 4,933 | - | 4,933 |
| Net pension liability | 113,335 | 66,112 | 179,447 |
| Total OPEB liability | 20,083 | 11,716 | 31,799 |
| NC Clean Water Revolving Loan | - | 608,157 | 608,157 |
| Water and sewer system revenue bonds | - | 1,727,000 | 1,727,000 |
| Total noncurrent liabilities | 138,351 | 2,412,985 | 2,551,336 |
| Total liabilities | 410,700 | 2,514,313 | 2,925,013 |
| Deferred inflows of resources | | | |
| Pension deferrals | 2,290 | 1,335 | 3,625 |
| OPEB deferrals | 843 | 492 | 1,335 |
| Total deferred inflows of resources | 3,133 | 1,827 | 4,960 |
| Net position | | | |
| Net investment in capital assets | 1,266,493 | 4,346,821 | 5,613,314 |
| Unrestricted | 3,629,900 | 2,393,046 | 6,022,946 |
| Total net position | \$ 4,896,393 | \$ 6,739,867 | \$ 11,636,260 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021
Exhibit 9

| | Major Enterprise Funds | | |
|--|------------------------|----------------------|---------------|
| | Electric Fund | Water and Sewer Fund | Total |
| Operating revenues: | | | |
| Charges for services | \$ 2,324,067 | \$ 903,849 | \$ 3,227,916 |
| Other operating revenues | 34,702 | - | 34,702 |
| Total operating revenues | 2,358,769 | 903,849 | 3,262,618 |
| Operating expenses: | | | |
| Electrical operations | 1,758,041 | - | 1,758,041 |
| Water treatment and distribution | - | 216,083 | 216,083 |
| Waste collection and treatment | - | 300,303 | 300,303 |
| Depreciation | 82,494 | 330,670 | 413,164 |
| Total operating expenses | 1,840,535 | 847,056 | 2,687,591 |
| Operating income | 518,234 | 56,793 | 575,027 |
| Nonoperating revenues (expenses): | | | |
| Interest earned on investments | 13,728 | 8,717 | 22,445 |
| Duke Power coal ash settlement | 20,377 | - | 20,377 |
| Insurance recoveries | 4,353 | - | 4,353 |
| Sale of capital assets | 5,000 | - | 5,000 |
| Interest and other charges | - | (71,423) | (71,423) |
| Total nonoperating revenues (expenses) | 43,458 | (62,706) | (19,248) |
| Income (loss) before transfers | 561,692 | (5,913) | 555,779 |
| Transfers to other funds | (389,573) | - | (389,573) |
| Change in net position | 172,119 | (5,913) | 166,206 |
| Total net position, beginning | 4,724,274 | 6,745,780 | 11,470,054 |
| Total net position, ending | \$ 4,896,393 | \$ 6,739,867 | \$ 11,636,260 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
Exhibit 10

| | Major Enterprise Funds | | |
|--|------------------------|----------------------|--------------|
| | Electric Fund | Water and Sewer Fund | Total |
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 2,331,209 | \$ 896,839 | \$ 3,228,048 |
| Cash paid for goods and services | (1,393,480) | (286,089) | (1,679,569) |
| Cash paid to or on behalf of employees for services | (373,916) | (224,384) | (598,300) |
| Customer deposits received (net) | 13,100 | - | 13,100 |
| Net cash provided by operating activities | 576,913 | 386,366 | 963,279 |
| Cash flows from noncapital financing activities: | | | |
| Transfers to other funds | (389,573) | - | (389,573) |
| Duke Power coal ash settlement | 20,377 | - | 20,377 |
| Net cash used by noncapital financing activities | (369,196) | - | (369,196) |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from sale of capital assets | 5,000 | - | 5,000 |
| Insurance recoveries | 4,353 | - | 4,353 |
| Acquisition and construction of capital assets | (234,626) | (86,055) | (320,681) |
| Principal paid on debt | - | (86,287) | (86,287) |
| Interest paid on debt | - | (71,423) | (71,423) |
| Net cash used by capital and related financing activities | (225,273) | (243,765) | (469,038) |
| Cash flows from investing activities: | | | |
| Interest on investments | 13,728 | 8,717 | 22,445 |
| Net increase (decrease) in cash and cash equivalents | (3,828) | 151,318 | 147,490 |
| Cash and cash equivalents, beginning | 3,659,470 | 2,163,265 | 5,822,735 |
| Cash and cash equivalents, ending | \$ 3,655,642 | \$ 2,314,583 | \$ 5,970,225 |
| Reconciliation of cash and cash equivalents, ending | | | |
| Cash and cash equivalents | \$ 2,176,112 | \$ 911,899 | \$ 3,088,011 |
| Investments | 1,363,605 | 1,300,861 | 2,664,466 |
| Restricted cash and cash equivalents | 115,925 | 101,823 | 217,748 |
| Total cash and cash equivalents | \$ 3,655,642 | \$ 2,314,583 | \$ 5,970,225 |

The accompanying footnotes are an integral part of these financial statements.

Town of Stantonsburg, North Carolina
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
Exhibit 10

Reconciliation of operating income to net cash provided by operating activities:

| | Major Enterprise Funds | | |
|---|-------------------------------|-----------------------------|--------------|
| | Electric Fund | Water and Sewer Fund | Total |
| Operating income | \$ 518,234 | \$ 56,793 | \$ 575,027 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 82,494 | 330,670 | 413,164 |
| Changes in assets, deferred outflows of resources, and liabilities: | | | |
| Increase in accounts receivable | (27,560) | (7,010) | (34,570) |
| Increase in due from other governments | (5,404) | - | (5,404) |
| Increase in inventories | (56,283) | (5,187) | (61,470) |
| Increase in accounts payable and accrued liabilities | 49,922 | 8,553 | 58,475 |
| Decrease in compensated absences payable | (4,554) | (1,979) | (6,533) |
| Increase in deferred outflows of resources - pensions | (6,316) | (4,605) | (10,921) |
| Increase in deferred outflows of resources - OPEB | (6,498) | (3,790) | (10,288) |
| Increase in net pension liability | 16,255 | 10,867 | 27,122 |
| Increase in OPEB liability | 1,394 | 813 | 2,207 |
| Increase in deferred inflows of resources - pensions | 2,290 | 1,335 | 3,625 |
| Decrease in deferred inflows of resources - OPEB | (161) | (94) | (255) |
| Increase in customer deposits | 13,100 | - | 13,100 |
| Total adjustments | 58,679 | 329,573 | 388,252 |
| Net cash provided by operating activities | \$ 576,913 | \$ 386,366 | \$ 963,279 |

The accompanying footnotes are an integral part of these financial statements.

Notes to the Financial Statements

Town of Stantonsburg, North Carolina

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Stantonsburg (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental fund:

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

The Town reports the following major enterprise funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. 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. The budget officer is authorized to reallocate appropriations within departments and may execute inter-departmental transfers, in the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is reduced. Notation of all such transfers shall be made to the Town Council on the next succeeding financial report. No salary increases, beyond those set forth in the budget document, may be made without approval of the Town Council. The governing board must approve any budget revision that alters the total expenditures of any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2021, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2021, there were no redemption fees or maximum transaction amounts, or any requirements that serve to limit the Town's access to 100 percent of their account value in the external investment pool.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Rural Development procedure, by virtue of a Loan Resolution Security Agreement, requires an annual contribution of 1/10th of the annual installment payments actually described monthly in the agreement, until the account is fully funded in an amount equivalent to one annual installment accumulated after 10 years. Powell Bill funds are also classified as restricted cash because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

Restricted cash and investments as of June 30, 2021 was comprised of the following amounts:

Governmental Activities

General Fund:

| | |
|-------------------------------|----------------|
| Powell Bill funds | \$ 189,858 |
| Total governmental activities | <u>189,858</u> |

Business-type activities

Electric Fund:

| | |
|---------------------------|---------|
| Customer utility deposits | 115,925 |
|---------------------------|---------|

Water and Sewer Fund:

| | |
|--|----------------|
| Rural Development Loan Resolution Security Agreement | 101,823 |
| Total business-type activities | <u>217,748</u> |

| | |
|---------------------------------------|--------------------------|
| Total restricted cash and investments | <u><u>\$ 407,606</u></u> |
|---------------------------------------|--------------------------|

4. Ad Valorem Taxes Receivable

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

5. 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 and the amounts that are past due greater than 90 days.

6. Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected to record general infrastructure assets on a prospective basis beginning with the implementation of GASB 34. 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.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

| Asset Class | Estimated Useful Lives |
|--|------------------------|
| Buildings | 40-50 |
| Infrastructure | 50 |
| Other improvements | 20-50 |
| Substations, lines and related equipment | 40-50 |
| Water plant and distribution systems | 20-50 |
| Sewer plant and collection systems | 20-40 |
| Equipment and furniture | 5-10 |
| Vehicles and motorized equipment | 6-25 |

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

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

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position:

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

For purposes of net position classification, expenses are to be spent from restricted net position first and then unrestricted net position.

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:

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

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

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

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Town Manager to reallocate appropriations within departments not to exceed 10 percent of the appropriated monies.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds, nor any amount in nonspendable form.

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

12. Defined Benefit Cost Sharing Plans

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

14. New Financial Accounting Standards

GASB Statement No. 84, *Fiduciary Activities*

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 87, *Leases*

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been postponed by 18 months.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 91, *Conduit Debt Obligations*

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 92, *Omnibus 2020*

In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements

Town of Stantonsburg, North Carolina

Notes to Financial Statements

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020

Earlier application is encouraged and is permitted by topic. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after February 14, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR.

The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor

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determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Town is currently reviewing this statement to determine the effect on its financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The Town is currently reviewing this statement to determine the effect on its financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension

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plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensations plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Town does not anticipate this Statement affecting its financial reporting or financial operations.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The Town implemented this statement for the year ended June 30, 2021.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

North Carolina General Statute 159-34 requires each unit of local government to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC) as soon as possible after the close of the fiscal year. Audit reports for municipalities are typically due by October 31 based on the terms of the local government's contract with its auditor. The LGC offers units a one-month grace period, after which a report is considered late.

The Town's audit report for the year ended June 30, 2021 was submitted late. The Town's Finance Officer resigned effective June 11, 2021. The Town hired a replacement that resigned June 30, 2021. It was August 10, 2021 before the Town hired the current Finance Officer. This caused an unavoidable delay in closing the Town's books and records and making them available for audit.

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Corrective Action Plan: The Town will endeavor to close its books and records in a more timely fashion and submit them for audit in a time frame that will allow for timely audit submission.

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

At June 30, 2021, the Town's deposits had a carrying amount of \$3,507,974 and a bank balance of \$3,542,522. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$200.

2. Investments

As of June 30, 2021, the Town had the following investments and maturities:

| Investments by Type | Valuation Measurement Method | Book Value at 6/30/2021 | Maturity | Rating |
|---|---------------------------------|----------------------------|----------|--------|
| NC Capital Management Trust - Government Portfolio | Fair Value Level 1 | <u>\$ 3,188,058</u> | N/A | AAAm |

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

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Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

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

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

3. Receivables and Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2021, were as follows:

| | Accounts Receivable | Taxes and Related Accrued Interest | Due from Other Governments | Total |
|---------------------------------|------------------------|---|----------------------------------|-------------------|
| Governmental activities: | | | | |
| General Fund | \$ 22,485 | \$ 38,203 | \$ 38,572 | \$ 99,260 |
| Allowance for doubtful accounts | (350) | (15,564) | - | (15,914) |
| Total governmental activities | <u>\$ 22,135</u> | <u>\$ 22,639</u> | <u>\$ 38,572</u> | <u>\$ 83,346</u> |
| Business-type activities | | | | |
| Electric | \$ 276,937 | \$ - | \$ 21,820 | \$ 298,757 |
| Water and sewer | 119,917 | - | - | 119,917 |
| Total receivables | 396,854 | - | 21,820 | 418,674 |
| Allowance for doubtful accounts | (162,619) | - | - | (162,619) |
| Total business-type activities | <u>\$ 234,235</u> | <u>\$ -</u> | <u>\$ 21,820</u> | <u>\$ 256,055</u> |

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

Governmental activities:

| | |
|--------------------------------|------------------|
| Local option sales tax | \$ 15,985 |
| Utility franchise tax | 17,798 |
| Wilson County - property taxes | 4,789 |
| Total governmental activities | <u>\$ 38,572</u> |

Business-type activities:

| | |
|------------------|------------------|
| Sales tax refund | <u>\$ 21,820</u> |
|------------------|------------------|

Town of Stantonsburg, North Carolina

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The General Fund has reported \$14,835 in accounts receivable related to nuisance abatement assessments as non-current as of June 30, 2021. This amount relates to demolishing abandoned properties. The Town has executed property liens on the related properties but the collection of these amounts is historically longer than one year.

4. Capital Assets

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 57,107 | \$ 7,500 | \$ - | \$ 64,607 |
| Capital assets being depreciated: | | | | |
| Buildings | 249,940 | 59,019 | - | 308,959 |
| Other improvements | 44,512 | - | - | 44,512 |
| Equipment and furniture | 462,941 | 43,503 | 11,000 | 495,444 |
| Vehicles and motorized equipment | 465,369 | - | - | 465,369 |
| Infrastructure | 1,062,707 | - | - | 1,062,707 |
| Total capital assets being depreciated | 2,285,469 | 102,522 | 11,000 | 2,376,991 |
| Less accumulated depreciation for: | | | | |
| Buildings | 194,952 | 6,329 | - | 201,281 |
| Other improvements | 41,651 | 101 | - | 41,752 |
| Equipment and furniture | 220,955 | 27,508 | 11,000 | 237,463 |
| Vehicles and motorized equipment | 298,969 | 19,364 | - | 318,333 |
| Infrastructure | 261,874 | 24,089 | - | 285,963 |
| Total accumulated depreciation | 1,018,401 | 77,391 | 11,000 | 1,084,792 |
| Total capital assets being depreciated, net | 1,267,068 | | | 1,292,199 |
| Governmental activity capital assets, net | <u>\$ 1,324,175</u> | | | <u>\$ 1,356,806</u> |

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

| | |
|----------------------------|------------------|
| General government | \$ 3,620 |
| Public safety | 29,128 |
| Transportation | 24,389 |
| Environmental protection | 8,479 |
| Cultural and recreational | 11,775 |
| Total depreciation expense | <u>\$ 77,391</u> |

Town of Stantonsburg, North Carolina
Notes to Financial Statements

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-----------|-----------|--------------------|
| Business-type activities: | | | | |
| <i>Electric Fund</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 20,836 | \$ - | \$ - | \$ 20,836 |
| Capital assets being depreciated: | | | | |
| Buildings | 96,588 | - | - | 96,588 |
| Electrical system and substation | 1,971,907 | 13,901 | - | 1,985,808 |
| Equipment and furniture | 209,310 | 7,235 | - | 216,545 |
| Vehicles and motorized equipment | 453,984 | 213,490 | 38,116 | 629,358 |
| Total capital assets being depreciated | 2,731,789 | 234,626 | 38,116 | 2,928,299 |
| Less accumulated depreciation for: | | | | |
| Buildings | 10,154 | 2,420 | - | 12,574 |
| Electrical system and substation | 1,053,654 | 38,154 | - | 1,091,808 |
| Equipment and furniture | 165,568 | 12,710 | - | 178,278 |
| Vehicles and motorized equipment | 408,888 | 29,210 | 38,116 | 399,982 |
| Total accumulated depreciation | 1,638,264 | 82,494 | 38,116 | 1,682,642 |
| Total capital assets being depreciated, net | 1,093,525 | | | 1,245,657 |
| Electric Fund capital assets, net | 1,114,361 | | | 1,266,493 |
| <i>Water and Sewer Fund</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 89,940 | - | - | 89,940 |
| Construction in progress | 19,784 | 50,964 | - | 70,748 |
| Total capital assets not being depreciated | 109,724 | 50,964 | - | 160,688 |
| Capital assets being depreciated: | | | | |
| Buildings | 36,853 | - | - | 36,853 |
| Water plant and distribution systems | 4,735,878 | 26,506 | - | 4,762,384 |
| Sewer plant and collection systems | 6,343,906 | 8,585 | - | 6,352,491 |
| Equipment and furniture | 470,393 | - | 11,584 | 458,809 |
| Vehicles and motorized equipment | 52,527 | - | - | 52,527 |
| Total capital assets being depreciated | 11,639,557 | 35,091 | 11,584 | 11,663,064 |
| Less accumulated depreciation for: | | | | |
| Buildings | 9,313 | 925 | - | 10,238 |
| Water plant and distribution systems | 1,713,835 | 117,076 | - | 1,830,911 |
| Sewer plant and collection systems | 2,719,356 | 178,545 | - | 2,897,901 |
| Equipment and furniture | 252,829 | 29,852 | 11,584 | 271,097 |
| Vehicles and motorized equipment | 40,068 | 4,272 | - | 44,340 |
| Total accumulated depreciation | 4,735,401 | 330,670 | 11,584 | 5,054,487 |
| Total capital assets being depreciated, net | 6,904,156 | | | 6,608,577 |
| Water and Sewer Fund capital assets, net | 7,013,880 | | | 6,769,265 |
| Business-type activities capital assets, net | \$ 8,128,241 | | | \$ 8,035,758 |

Town of Stantonsburg, North Carolina

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5. Construction Commitments

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

| Project | Spent-to-Date | Remaining Commitment |
|--------------------------------------|---------------|----------------------|
| Stantonsburg New Well Project | | |
| Construction | \$ 57,100 | \$ 66,360 |

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021, were as follows:

| | Vendors | Benefits and Payroll Withholdings | Customer Deposits Payable | Total |
|----------------------------------|------------|-----------------------------------|---------------------------|------------|
| Governmental Activities: | | | | |
| General | \$ 10,131 | \$ 10,293 | \$ - | \$ 20,424 |
| Business-type Activities: | | | | |
| Electric | \$ 138,099 | \$ 7,526 | \$ 115,925 | \$ 261,550 |
| Water and Sewer | 4,975 | 3,578 | - | 8,553 |
| Total business-type activities | \$ 143,074 | \$ 11,104 | \$ 115,925 | \$ 270,103 |

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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Notes to Financial Statements

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 agency 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's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$78,838 for the year ended June 30, 2021.

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

Town of Stantonsburg, North Carolina

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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 \$314,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.00881%, which was a decrease of 0.00048% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$113,305. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 39,756 | \$ - |
| Changes of assumptions | 23,429 | - |
| Net difference between projected and actual earnings on pension plan investments | 44,302 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 10,315 | 6,360 |
| Town contributions subsequent to the measurement date | 78,838 | - |
| Total | <u>\$ 196,640</u> | <u>\$ 6,360</u> |

\$78,838 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

| | |
|------------|-----------|
| 2022 | \$ 33,935 |
| 2023 | 41,193 |
| 2024 | 23,204 |
| 2025 | 13,110 |
| 2026 | - |
| Thereafter | - |

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

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

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

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

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------|---|
| Fixed Income | 29.0% | 1.4% |
| Global Equity | 42.0% | 5.3% |
| Real Estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation Protection | 6.0% | 4.0% |
| Total | 100.0% | |

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

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

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

| 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.0%) |
|------------------------|-----------------------------|-----------------------|
|------------------------|-----------------------------|-----------------------|

| | | | |
|---|------------|------------|-----------|
| Town's proportionate share of the net pension liability (asset) | \$ 638,733 | \$ 314,819 | \$ 45,623 |
|---|------------|------------|-----------|

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

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b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

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

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

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

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

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

| | |
|------------------|---|
| Inflation | 2.50 percent |
| Salary Increases | 3.25 to 7.75 percent, including inflation and productivity factor |
| Discount rate | 1.93 percent |

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

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

4. Contributions

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

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

At June 30, 2021, the Town reported a total pension liability of \$64,101. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of (\$9,267).

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 3,336 | \$ 73,823 |
| Changes of assumptions | 30,798 | 857 |
| Town benefit payments and plan administrative expense made subsequent to the measurement date | - | - |
| Total | <u>\$ 34,134</u> | <u>\$ 74,680</u> |

No benefits or administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

| | |
|------------|-------------|
| 2022 | \$ (14,248) |
| 2023 | (14,143) |
| 2024 | (14,143) |
| 2025 | (6,463) |
| 2026 | 3,999 |
| Thereafter | 4,452 |

Town of Stantonsburg, North Carolina

Notes to Financial Statements

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

| | 1% Decrease (.93%) | Discount Rate (1.93%) | 1% Increase (2.93%) |
|-------------------------|-----------------------|--------------------------|------------------------|
| Total pension liability | \$ 70,435 | \$ 64,101 | \$ 58,192 |

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

| | 2021 |
|--|-----------|
| Beginning balance | \$ 32,686 |
| Service cost | 3,979 |
| Interest on the total pension liability | 1,066 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | (7,208) |
| Changes of assumptions or other inputs | 33,578 |
| Benefit payments | - |
| Other changes | - |
| Ending balance of the total pension liability | \$ 64,101 |

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

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

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

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

| | LGERS | LEOSSA | Total |
|--|------------|------------|------------|
| Pension expense | \$ 113,305 | \$ (9,267) | \$ 104,038 |
| Pension liability | 314,819 | 64,101 | 378,920 |
| Proportionate share of the net pension liability | 0.00881% | N/A | |
| Deferred outflows of resources: | | | |
| Differences between expected and actual experience | 39,756 | 3,336 | 43,092 |
| Changes of assumptions | 23,429 | 30,798 | 54,227 |
| Net difference between projected and actual earnings on plan investments | 44,302 | - | 44,302 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 10,315 | - | 10,315 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 78,838 | - | 78,838 |
| Deferred inflows of resources: | | | |
| Differences between expected and actual experience | - | 73,823 | 73,823 |
| Changes of assumptions | - | 857 | 857 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 6,360 | - | 6,360 |

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

Contributions for the year ended June 30, 2021 were \$11,738, which consisted of \$9,193 from the Town and \$2,545 from the law enforcement officers. No amounts were forfeited.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

The Town also offers its general employees the option to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town matches the employees' elective deferrals up to 2% of the employees' gross wages. For the fiscal year ended June 30, 2021, the cost to the Town was \$10,540.

d. Other Post-Employment Benefits – Healthcare Benefits

Plan Description. Under the terms of a Town resolution effective January 1, 2020, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. Effective January 1, 2020, the Town provides continuing health insurance benefits to employees who retire from the Town if certain eligibility conditions are met. If a Town employee has been employed by the Town for at least 25 consecutive years and has reached the age of 60, the Town will pay 100% of the retiree's health insurance premium if the retiree elects such coverage and only if the employee actually retires from the NC Local Government Employees' Retirement System. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active Town employees until the retiree is eligible for Medicare benefits. The Town pays the full cost of coverage for these benefits. Retirees can purchase coverage for their dependents at the Town's group rates until the retiree reaches age sixty-five. At June 30, 2021, two retirees were eligible for postretirement health benefits. For the fiscal year ended June 30, 2021, the Town paid healthcare premiums for retirees of \$19,648. The Town purchases healthcare coverage through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan. Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

| | General Employees | Law Enforcement Officers | Total |
|--|----------------------|--------------------------------|-------|
| Retirees and dependents receiving benefits | 2 | - | 2 |
| Active plan members | 10 | 4 | 14 |
| Total | 12 | 4 | 16 |

Total OPEB Liability

The Town's total OPEB liability of \$55,787 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date for the June 30, 2021 report date.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

| | |
|--|---|
| Inflation | 2.50% |
| Real wage growth | 1.00% |
| Wage inflation | 3.50% |
| Salary Increases, including wage inflation | |
| General employees | 3.50% -7.75% |
| Law enforcement officers | 3.50% -7.35% |
| Discount rate | 2.21% |
| Municipal bond index rate | |
| Prior measurement date | 3.50% |
| Measurement date | 2.21% |
| Health care cost trends | |
| Pre-Medicare | 7.00% for 2019 decreasing to an ultimate rate of 4.5% by 2026 |

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer as of the measurement date.

Changes in the Total OPEB Liability

Schedule of Changes in Total OPEB Liability (TOL)

| | 2021 |
|--|------------------|
| Service cost at the end of the year | \$ 2,132 |
| Interest on TOL and cash flows | 1,704 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 7,564 |
| Changes of assumptions or other inputs | 3,305 |
| Benefit payments | (10,834) |
| Other changes | - |
| Net change in total OPEB liability | 3,871 |
| Total OPEB liability - beginning | 51,916 |
| Total OPEB liability - ending | \$ 55,787 |

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

| 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
|---------------------------|--|---------------------------|
|---------------------------|--|---------------------------|

| | | | |
|----------------------|-----------|-----------|-----------|
| Total OPEB Liability | \$ 58,558 | \$ 55,787 | \$ 53,199 |
|----------------------|-----------|-----------|-----------|

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

| 1% Decrease | Current | 1% Increase |
|----------------|---------|----------------|
|----------------|---------|----------------|

| | | | |
|----------------------|-----------|-----------|-----------|
| Total OPEB Liability | \$ 51,856 | \$ 55,787 | \$ 60,397 |
|----------------------|-----------|-----------|-----------|

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

For the year ended June 30, 2021, the Town recognized OPEB expense of (\$14,626). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 6,518 | \$ 2,342 |
| Changes of assumptions and other inputs | 3,533 | - |
| Town benefit payments and plan administrative expenses made subsequent to the measurement date | 19,648 | - |
| Total | \$ 29,699 | \$ 2,342 |

\$19,648 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Stantonsburg, North Carolina

Notes to Financial Statements

Year Ended June 30:

| | |
|------------|----------|
| 2022 | \$ 1,186 |
| 2023 | 1,186 |
| 2024 | 1,186 |
| 2025 | 1,186 |
| 2026 | 1,186 |
| Thereafter | 1,779 |

3. 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

4. Deferred Outflows and Inflows of Resources

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

| Source | Amount |
|---|-------------------|
| Contributions to pension plan in current fiscal year | \$ 78,838 |
| Benefit payments and administrative expenses for LEOSA made subsequent to measurement date | - |
| Benefit payments and administrative expenses for OPEB made subsequent to measurement date | 19,648 |
| Differences between expected and actual experience | 49,610 |
| Changes of assumptions | 57,760 |
| Net difference between projected and actual earnings on plan investments | 44,302 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 10,315 |
| Total | <u>\$ 260,473</u> |

Town of Stantonsburg, North Carolina

Notes to Financial Statements

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

| Source | Statement of Net Position | General Fund Balance Sheet |
|--|------------------------------|-------------------------------|
| Prepaid taxes (General Fund) | \$ 28 | \$ 28 |
| Property taxes receivable (General Fund) | - | 15,338 |
| Cemetery receivable (General Fund) | - | 3,470 |
| Nuisance abatement assessments (General Fund) | - | 14,835 |
| Differences between expected and actual experience | 76,165 | - |
| Changes of assumptions | 857 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 6,360 | - |
| Total | <u>\$ 83,410</u> | <u>\$ 33,671</u> |

5. 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 one self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains workers' compensation coverage up to statutory limits. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical 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 from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance through the National Flood Insurance Plan (NFIP). The Town does not own property located in a flood plain and had no flood damage from the extensive damage caused in North Carolina by major hurricanes affecting North Carolina in recent years.

In accordance with G.S. 159-29, The Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$75,000 and the tax collector is individually bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$75,000.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

6. Claims, Judgments and Contingent Liabilities

According to the Town attorney, at June 30, 2021, there are no pending or threatened litigation, claims or assessments against the Town.

7. Non-Cancelable Operating Lease

The Town has a non-cancelable operating lease related to leasing 2.13 acres for use as the town park. The lease commenced February 1, 2010 for a period of 26 years and includes a 2 year lease renewal option. The lease payment for the first year was \$1,605. Thereafter, for each subsequent year, the rent is adjusted by the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as published by the US Bureau of Labor Statistics. Rent expenditures were \$2,647 for the year ended June 30, 2021.

8. Long-Term Obligations

a. NC Clean Water Revolving Loan (Direct Borrowings)

The Town is financing wastewater treatment plant improvements by means of a NC Clean Water Revolving Loan in the original amount of \$1,105,740. The unpaid balance at June 30, 2021 was \$663,444. Annual debt service requirements on the 0% loan, including interest of \$0, are as follows:

| Year Ending June 30 | Business-Type Activities | | |
|---------------------|--------------------------|-------------|-------------------|
| | Principal | Interest | Total |
| 2022 | \$ 55,287 | \$ - | \$ 55,287 |
| 2023 | 55,287 | - | 55,287 |
| 2024 | 55,287 | - | 55,287 |
| 2025 | 55,287 | - | 55,287 |
| 2026 | 55,287 | - | 55,287 |
| 2027-2031 | 276,435 | - | 276,435 |
| 2032-2033 | 110,574 | - | 110,574 |
| Totals | <u>\$ 663,444</u> | <u>\$ -</u> | <u>\$ 663,444</u> |

b. Water and Sewer System Revenue Bonds (Direct Borrowings)

\$1,470,000 USDA Water and Sewer System Revenue Bonds, Series 2011A, issued June 6, 2011 for water system improvements. Principal and interest installments are due annually each June 1, at an annual interest rate of 4.125%. \$ 1,287,000

\$548,000 USDA Water and Sewer System Revenue Bonds, Series 2011B, issued June 6, 2011 for water system improvements. Principal and interest installments are due annually each June 1, at an annual interest rate of 3.625%. 472,000

Total Water and Sewer System Revenue Bonds \$ 1,759,000

Town of Stantonsburg, North Carolina
Notes to Financial Statements

The future payments of the Series 2011A Water and Sewer system Revenue Bonds as of June 30, 2021 are as follows:

| Year Ending June 30 | Business-Type Activities | | |
|---------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2022 | \$ 23,000 | \$ 53,089 | \$ 76,089 |
| 2023 | 23,000 | 52,140 | 75,140 |
| 2024 | 24,000 | 51,191 | 75,191 |
| 2025 | 25,000 | 50,201 | 75,201 |
| 2026 | 26,000 | 49,170 | 75,170 |
| 2027-2031 | 150,000 | 228,526 | 378,526 |
| 2032-2036 | 184,000 | 194,989 | 378,989 |
| 2037-2041 | 225,000 | 153,862 | 378,862 |
| 2042-2046 | 273,000 | 103,372 | 376,372 |
| 2047-2051 | 334,000 | 42,447 | 376,447 |
| Totals | <u>\$ 1,287,000</u> | <u>\$ 978,987</u> | <u>\$ 2,265,987</u> |

Related interest expense for the year ended June 30, 2021 in the amount of \$53,996 has been reported as a direct water and sewer functional expense on the Statement of Activities.

The future payments of the 2011B Water and Sewer System Revenue Bonds as of June 30, 2021 are as follows:

| Year Ending June 30 | Business-Type Activities | | |
|---------------------|--------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| 2022 | \$ 9,000 | \$ 17,110 | \$ 26,110 |
| 2023 | 9,000 | 16,784 | 25,784 |
| 2024 | 10,000 | 16,458 | 26,458 |
| 2025 | 10,000 | 16,095 | 26,095 |
| 2026 | 10,000 | 15,733 | 25,733 |
| 2027-2031 | 58,000 | 72,754 | 130,754 |
| 2032-2036 | 69,000 | 61,515 | 130,515 |
| 2037-2041 | 83,000 | 48,067 | 131,067 |
| 2042-2046 | 98,000 | 31,936 | 129,936 |
| 2047-2051 | 116,000 | 12,761 | 128,761 |
| Totals | <u>\$ 472,000</u> | <u>\$ 309,213</u> | <u>\$ 781,213</u> |

Related interest expense for the year ended June 30, 2021 in the amount of \$17,427 has been reported as a direct water and sewer functional expense on the Statement of Activities.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 5.02 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2011A and 2011B, since its adoption in 2011. Section 5.02(a) of the Bond Order requires the debt service coverage ratio to be no less than 110% of the debt service requirement for such fiscal year and 100% of the subordinated indebtedness debt service requirement for such fiscal year. The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

| | |
|--|----------------|
| Operating revenues | \$ 903,849 |
| Operating expenses* | 516,386 |
| Operating income | <u>387,463</u> |
| Nonoperating revenues (expenses)** | <u>8,717</u> |
| Income available for debt service | 396,180 |
| Debt service, principal and interest paid (Revenue bonds only) | 102,423 |
| Subordinated debt service, principal and interest paid | 55,287 |
| Revenue bond debt service coverage ratio | 387% |
| Subordinated debt service coverage ratio | 531% |

*Per rate covenants, this does not include the depreciation expense of \$330,670.

** Per rate covenants, this does not include revenue bond interest paid of \$71,423.

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2,018,000 in USDA Water and Sewer System Revenue Bonds issued in June 2011. Proceeds from the bonds provided financing for water treatment plant improvements and improvements to the water distribution system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2051. Annual principal and interest payments on the bonds are expected to require less than 50 percent of income available for debt service. The total principal and interest remaining to be paid on the bonds is \$3,047,200. Principal and interest paid for the current year and income available for debt service were \$102,423 and \$396,180, respectively.

Town of Stantonsburg, North Carolina
Notes to Financial Statements

c. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund. For the NC Clean Water Revolving Loan and the Water and Sewer System Revenue Bonds outlined below, these are classified as direct borrowings.

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Current Portion of Balance |
|---|-------------------------|------------------|------------------|--------------------------|----------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 19,104 | \$ - | \$ 7,401 | \$ 11,703 | \$ 11,703 |
| Net pension liability (LGERS) | 115,852 | 19,520 | - | 135,372 | - |
| Total pension liability (LEOSSA) | 32,686 | 31,415 | - | 64,101 | - |
| Total OPEB liability | 22,324 | 1,664 | - | 23,988 | - |
| Governmental activities long-term liabilities | <u>\$ 189,966</u> | <u>\$ 52,599</u> | <u>\$ 7,401</u> | <u>\$ 235,164</u> | <u>\$ 11,703</u> |
| Business-type activities: | | | | | |
| Electric Fund: | | | | | |
| Compensated absences | \$ 20,286 | \$ - | \$ 4,554 | \$ 15,732 | \$ 10,799 |
| Net pension liability (LGERS) | 97,080 | 16,255 | - | 113,335 | - |
| Total OPEB liability | 18,689 | 1,394 | - | 20,083 | - |
| Electric Fund long-term liabilities | <u>136,055</u> | <u>17,649</u> | <u>4,554</u> | <u>149,150</u> | <u>10,799</u> |
| Water and Sewer Fund: | | | | | |
| NC Clean Water Revolving Loan | 718,731 | - | 55,287 | 663,444 | 55,287 |
| Water and Sewer System Revenue Bonds | 1,790,000 | - | 31,000 | 1,759,000 | 32,000 |
| Compensated absences | 7,467 | - | 1,979 | 5,488 | 5,488 |
| Net pension liability (LGERS) | 55,245 | 10,867 | - | 66,112 | - |
| Total OPEB liability | 10,903 | 813 | - | 11,716 | - |
| Water and Sewer Fund long-term liabilities | <u>2,582,346</u> | <u>11,680</u> | <u>88,266</u> | <u>2,505,760</u> | <u>92,775</u> |
| Business-type activities long-term liabilities | <u>\$ 2,718,401</u> | <u>\$ 29,329</u> | <u>\$ 92,820</u> | <u>\$ 2,654,910</u> | <u>\$ 103,574</u> |

Per the debt agreement for the NC Clean Water Revolving Loan direct borrowings, in case of default the Town agrees that any other monies due to the Town from the State may be withheld by the State and applied to the payment of the obligation whenever the Town fails to pay any payment of principal or interest on the note when due.

Per the debt agreement for the Water and Sewer System Revenue Bond direct borrowings, in case of default the full principal and interest amount of all bonds then outstanding shall be due and payable immediately.

At June 30, 2021, the Town had a legal debt margin of \$3,326,912.

Town of Stantonsburg, North Carolina
Notes to Financial Statements

C. Interfund Balances and Activity

Transfers to/from Other Funds

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

| | |
|--|--------------------------|
| From the Electric Fund to the General Fund | <u><u>\$ 389,573</u></u> |
|--|--------------------------|

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

During the 2021 fiscal year, the Town made a transfer from the Electric Fund of \$389,573 to the General Fund to finance General Fund activities.

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 | \$ 762,792 |
| Less: | |
| Stabilization by State Statute | 57,237 |
| Streets - Powell Bill | 189,858 |
| Appropriated Fund Balance in 2022 budget | <u>24,000</u> |
| Remaining Fund Balance | <u><u>\$ 491,697</u></u> |

IV. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with other municipalities, established the Upper Coastal Plain Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$598 to the Council during the fiscal year ended June 30, 2021.

Town of Stantonsburg, North Carolina

Notes to Financial Statements

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Federal and State Assisted Programs

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

VI. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

In July 2021, the Town received a \$65,000 grant from the Healthcare Foundation of Wilson to the used for park improvements to fight childhood obesity.

In July 2021, the nearby Town of Saratoga completed a project to connect to the City of Wilson to treat its wastewater and will no longer send its wastewater to the Town of Stantonsburg for treatment. For the fiscal year ended June 30, 2021 the Town of Saratoga paid the Town of Stantonsburg \$78,735 for wastewater treatment. While the revenue will be missed, the flow caused by the Town of Saratoga wastewater was causing potentially expensive capacity limit problems for the Town of Stantonsburg that have now disappeared.

In July 2021, the Town received \$124,133 from the United States Department of the Treasury from the American Rescue Plan for fiscal year 2022. The Town will receive an equal additional grant in fiscal year 2023. American Rescue Plan grant funds must be obligated by December 31, 2024 and expended by December 31, 2026. Grant funds can be expended for the following purposes:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

The Board has evaluated subsequent events through February 14, 2022, the date which the financial statements were available to be issued.

Required Supplementary Financial Data

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

- Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Governmental Employees' Retirement System
- Schedule of Town Contributions - Local Governmental Employees' Retirement System
- Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability and Related Ratios

Town of Stantonsburg, North Carolina
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years*

Local Governmental Employees' Retirement System

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-----------|
| Stantonsburg's proportion of the net pension liability (asset) (%) | 0.00881% | 0.00982% | 0.00929% | 0.00911% | 0.00829% | 0.00842% | 0.00956% | 0.00770% |
| Stantonsburg's proportion of the net pension liability (asset) (\$) | \$314,819 | \$268,177 | \$220,391 | \$139,176 | \$175,944 | \$ 37,789 | \$ (56,378) | \$ 92,815 |
| Stantonsburg's covered payroll | \$706,733 | \$689,207 | \$662,662 | \$660,843 | \$640,430 | \$616,730 | \$663,438 | \$601,630 |
| Stantonsburg's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 44.55% | 38.91% | 33.26% | 21.06% | 27.47% | 6.13% | (8.50%) | 15.43% |
| Plan fiduciary net position as a percentage of the total pension liability** | 91.63% | 94.18% | 91.47% | 98.09% | 99.07% | 102.64% | 94.35% | 96.45% |

* 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.

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

Town of Stantonsburg, North Carolina
Schedule of Town Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Governmental Employees' Retirement System

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 78,838 | \$ 64,530 | \$ 54,664 | \$ 50,773 | \$ 49,087 | \$ 43,375 | \$ 44,914 | \$ 44,784 |
| Contributions in relation to the contractually required contribution | 78,838 | 64,530 | 54,664 | 50,773 | 49,087 | 43,375 | 44,914 | 44,784 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Stantonsburg's covered payroll | \$763,767 | \$706,733 | \$689,207 | \$662,662 | \$660,843 | \$640,430 | \$616,730 | \$663,438 |
| Contributions as a percentage of covered payroll | 10.32% | 9.13% | 7.93% | 7.66% | 7.43% | 6.77% | 7.28% | 6.75% |

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

Town of Stantonsburg, North Carolina
Schedule of Changes in Total Pension Liability
Required Supplementary Information
Last Five Fiscal Years*

Law Enforcement Officers' Special Separation Allowance

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------------|------------------|------------------|------------------|-------------------|
| Beginning balance | \$ 32,686 | \$ 22,191 | \$ 21,974 | \$ 152,636 | \$ 145,517 |
| Service cost | 3,979 | 3,520 | 2,874 | 2,038 | 4,524 |
| Interest on the total pension liability | 1,066 | 808 | 694 | 5,892 | 5,195 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | | | | | |
| in the measurement of the total pension liability | (7,208) | 4,812 | (2,077) | (140,564) | (2,600) |
| Changes of assumptions or other inputs | 33,578 | 1,355 | (1,274) | 1,972 | - |
| Benefit payments | - | - | - | - | - |
| Other changes | - | - | - | - | - |
| Ending balance of the total pension liability | <u>\$ 64,101</u> | <u>\$ 32,686</u> | <u>\$ 22,191</u> | <u>\$ 21,974</u> | <u>\$ 152,636</u> |

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

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

Town of Stantonsburg, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
Last Five Fiscal Years

Law Enforcement Officers' Special Separation Allowance

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----------|-----------|-----------|-----------|------------|
| Total pension liability | \$ 64,101 | \$ 32,686 | \$ 22,191 | \$ 21,974 | \$ 152,636 |
| Covered payroll | 171,181 | 186,766 | 126,139 | 134,813 | 154,978 |
| Total pension liability as a percentage of covered payroll | 37.45% | 17.50% | 17.59% | 16.30% | 98.49% |

Notes to schedule:

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

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

Town of Stantonsburg, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
Last Two Fiscal Years

| Total OPEB Liability | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Service cost at the end of the year | \$ 2,132 | \$ 1,986 |
| Interest on TOL and cash flows | 1,704 | 1,955 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | 7,564 | (3,238) |
| Changes of assumptions or other inputs | 3,305 | 947 |
| Benefit payments | (10,834) | - |
| Other changes | - | - |
| Net change in total OPEB liability | 3,871 | 1,650 |
| Total OPEB liability - beginning | 51,916 | 50,266 |
| Total OPEB liability - ending | \$ 55,787 | \$ 51,916 |
| Covered payroll | \$ 533,348 | \$ 533,348 |
| Total OPEB liability as a percentage of covered-employee payroll | 10.46% | 9.73% |

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

| <u>Fiscal Year</u> | <u>Rate</u> |
|---------------------------|--------------------|
| 2021 | 2.21% |
| 2020 | 3.50% |
| 2019 | 3.89% |

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

Supplementary Schedules

This section contains Individual Fund Schedules.

Town of Stantonsburg, North Carolina

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

| | 2021 | | | 2020 |
|---|---------|------------|------------------------------------|------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Ad valorem taxes: | | | | |
| Current year | \$ | \$ 203,780 | \$ | \$ 191,257 |
| Prior years | | 6,372 | | 4,417 |
| Penalties and interest | | 1,352 | | 2,282 |
| Total | 230,000 | 211,504 | (18,496) | 197,956 |
| Unrestricted intergovernmental: | | | | |
| Local option sales taxes | | 89,779 | | 79,953 |
| Telecommunications sales tax | | 6,162 | | 6,131 |
| Video franchise fee | | 9,685 | | 9,659 |
| Utilities sales tax | | 61,113 | | 61,443 |
| Piped natural gas sales tax | | 2,857 | | 2,161 |
| Beer and wine tax | | 3,308 | | 3,325 |
| ABC profit distribution | | 4,495 | | 1,671 |
| Total | 159,700 | 177,399 | 17,699 | 164,343 |
| Restricted intergovernmental: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | | 23,469 | | - |
| Coronavirus relief funds | | 10,000 | | - |
| Solid waste disposal tax | | 586 | | 588 |
| Powell Bill allocation | | 22,173 | | 23,152 |
| Total | 58,505 | 56,228 | (2,277) | 23,740 |
| Permits and fees: | | | | |
| Permits | | 609 | | 120 |
| Business registration fee | | 88 | | 50 |
| Officer fees and traffic violations | | 131 | | 180 |
| Total | 1,800 | 828 | (972) | 350 |
| Sales and services: | | | | |
| Curbside recycling | | 106,960 | | 102,571 |
| Garbage collection fees | | 9,802 | | 9,726 |
| Cemetery revenues | | 1,450 | | 300 |
| Cablevision - pole rental | | 1,600 | | 1,600 |
| Sale of scrap materials | | 1,785 | | 650 |
| Total | 119,100 | 121,597 | 2,497 | 114,847 |

(continued)

Town of Stantonsburg, North Carolina

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

| | 2021 | | | 2020 |
|---|-------------|-------------------|------------------------------------|-------------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Investment earnings | 17,500 | 2,086 | (15,414) | 7,897 |
| Miscellaneous: | | | | |
| Rent income | | 735 | | 695 |
| Miscellaneous | | 6,431 | | 4,189 |
| Total | 25,200 | 7,166 | (18,034) | 4,884 |
| Total revenues | 611,805 | 576,808 | (34,997) | 514,017 |
| Expenditures | 1,036,580 | 851,409 | 185,171 | 763,624 |
| Revenues over (under) expenditures | (424,775) | (274,601) | 150,174 | (249,607) |
| Other financing sources | | | | |
| Appropriated fund balance | 35,202 | - | (35,202) | - |
| Transfer from Electric Fund | 389,573 | 389,573 | - | 290,000 |
| Insurance recoveries | - | 2,095 | 2,095 | 5,815 |
| Sale of capital assets | - | - | - | 650 |
| Total other financing sources | 424,775 | 391,668 | (33,107) | 296,465 |
| Revenues and other financing sources over expenditures | <u>\$ -</u> | <u>117,067</u> | <u>\$ 117,067</u> | <u>46,858</u> |
| Fund balance, beginning | | <u>645,725</u> | | <u>598,867</u> |
| Fund balance, ending | | <u>\$ 762,792</u> | | <u>\$ 645,725</u> |

Town of Stantonsburg, North Carolina
General Fund
Schedule of Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| 2021 | | | 2020 |
|------------------------------------|-----------|------------------------------------|----------------|
| Budget | Actual | Variance Positive (Negative) | Actual |
| General government: | | | |
| Governing body and administration: | | | |
| Fees paid elected officials | \$ 10,349 | \$ | \$ 9,936 |
| Salaries | 92,165 | | 80,067 |
| FICA tax | 7,823 | | 6,808 |
| Health insurance | 13,287 | | 12,264 |
| Health insurance - retirees | - | | 6,965 |
| Retirement | 8,776 | | 6,761 |
| 401-k match | 1,724 | | 1,511 |
| Professional services | 14,870 | | 15,919 |
| Telephone | 4,280 | | 2,710 |
| Travel | 544 | | 79 |
| Maintenance and repairs | 4,522 | | 18,044 |
| Bank charges | 4,742 | | 3,987 |
| Advertising | 1,452 | | 229 |
| Office supplies and postage | 4,416 | | 2,113 |
| Heating | 1,074 | | 600 |
| Uniforms | 143 | | 59 |
| Special contract services | 6,773 | | 11,520 |
| Utilities | 6,772 | | 5,594 |
| Training | 144 | | - |
| Dues and subscriptions | 2,485 | | 2,374 |
| Insurance and bonds | 9,043 | | 9,700 |
| Miscellaneous | 3,377 | | 3,362 |
| Christmas parade | - | | 800 |
| Shop with a cop | 3,475 | | 1,875 |
| Capital outlay - CARES Act | 10,000 | | - |
| Capital outlay | 24,331 | | 2,763 |
| Tax collection fees | - | | 2,953 |
| Total general government | 299,922 | 236,567 | 63,355 208,993 |

Public safety:

Police department:

| | | |
|------------------|---------|---------|
| Salaries | 189,240 | 176,069 |
| FICA tax | 14,477 | 13,470 |
| Health insurance | 34,017 | 38,216 |
| Retirement | 19,998 | 16,522 |

(continued)

Town of Stantonsburg, North Carolina
General Fund
Schedule of Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|--|---------|---------|------------------------------------|---------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Police department, continued | | | | |
| 401-k match | | 9,193 | | 8,517 |
| Professional fees | | 330 | | - |
| Telephone | | 8,955 | | 6,336 |
| Maintenance and repairs | | 7,085 | | 2,455 |
| Auto supplies and repairs | | 19,573 | | 16,253 |
| Supplies and materials | | 4,141 | | 275 |
| Heating | | 885 | | 350 |
| Uniforms | | 2,019 | | 1,783 |
| Emergency communications | | 14,040 | | 16,540 |
| Special contract services | | 4,012 | | - |
| Utilities | | 3,474 | | 4,168 |
| Training | | 617 | | 547 |
| Insurance and bonds | | 8,800 | | 9,000 |
| Miscellaneous | | 3,947 | | - |
| Capital outlay | | 3,273 | | 11,400 |
| Capital outlay - Edward Byrne Memorial Justice Assistance Grant Program | | 23,469 | | - |
| Total | 436,596 | 371,545 | 65,051 | 321,901 |
| Fire department: | | | | |
| Fire protection contract - Moyton Volunteer Fire Department | 33,550 | 33,550 | - | 32,000 |
| Total public safety | 470,146 | 405,095 | 65,051 | 353,901 |
| Transportation: | | | | |
| Street repair and construction: | | | | |
| Salaries | | 28,112 | | 27,251 |
| FICA tax | | 2,151 | | 2,085 |
| Health insurance | | 8,363 | | 9,970 |
| Retirement | | 2,823 | | 2,412 |
| 401-k match | | 204 | | - |
| Maintenance and repairs | | 1,405 | | 2,353 |
| Auto supplies and repairs | | 8,376 | | 5,163 |
| Supplies and materials | | 3,433 | | 2,232 |
| Uniforms | | 5,273 | | 4,082 |

(continued)

Town of Stantonsburg, North Carolina
General Fund
Schedule of Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|---|---------|---------|------------------------------------|--------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Street repair and construction, continued | | | | |
| Insurance and bonds | | 3,000 | | 3,950 |
| Miscellaneous | | 27 | | 100 |
| Capital outlay | | - | | 1,500 |
| Powell Bill expenditures | | 2,229 | | 3,653 |
| Total transportation | 104,885 | 65,396 | 39,489 | 64,751 |
| Economic and physical development: | | | | |
| Appearance commission: | | | | |
| Supplies | | 3,691 | | 7,888 |
| Town festival | | - | | 11,540 |
| Total economic and physical development | 4,500 | 3,691 | 809 | 19,428 |
| Human services: | | | | |
| Health: | | | | |
| Conservation of Health | | 1,783 | | 3,225 |
| Special contract services | | 1,140 | | 1,800 |
| Miscellaneous | | 75 | | 195 |
| Total human services | 7,500 | 2,998 | 4,502 | 5,220 |
| Environmental protection: | | | | |
| Sanitation: | | | | |
| Salaries | | 29,533 | | 24,608 |
| FICA tax | | 2,259 | | 1,883 |
| Health insurance | | 9,471 | | 9,139 |
| Retirement | | 2,967 | | 2,189 |
| Maintenance and repairs | | 7,723 | | 795 |
| Landfill fee | | 22,670 | | 21,400 |
| Auto supplies and repairs | | 12,749 | | 5,124 |
| Supplies and materials | | 961 | | 130 |
| Uniforms | | 2,080 | | 1,951 |
| Curbside pick-up | | 18,953 | | 16,333 |
| Insurance and bonds | | 3,000 | | 3,950 |
| Miscellaneous | | - | | 100 |
| Capital outlay | | 6,002 | | 5,764 |
| Total | 126,078 | 118,368 | 7,710 | 93,366 |

(continued)

Town of Stantonsburg, North Carolina
General Fund
Schedule of Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|---------------------------------------|------------------|----------------|------------------------------------|----------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Cemetery: | | | | |
| Maintenance and repairs | | 1,565 | | 165 |
| Auto supplies and repairs | | 983 | | 312 |
| Capital outlay | | - | | 2,250 |
| Total | 5,016 | 2,548 | 2,468 | 2,727 |
| Total environmental protection | 131,094 | 120,916 | 10,178 | 96,093 |
| Cultural and recreational: | | | | |
| Recreation: | | | | |
| Rent on playground | | 5,234 | | 2,210 |
| Utilities | | 1,317 | | 1,481 |
| Maintenance and repairs | | 930 | | 335 |
| Miscellaneous | | 2,889 | | 4,988 |
| Total | 8,289 | 10,370 | (2,081) | 9,014 |
| Library: | | | | |
| Salaries | | 103 | | 372 |
| FICA tax | | 8 | | 29 |
| Telephone and postage | | 1,103 | | 979 |
| Heating | | 1,117 | | 838 |
| Utilities | | 3,045 | | 3,006 |
| Insurance and bonds | | 1,000 | | 1,000 |
| Total | 10,244 | 6,376 | 3,868 | 6,224 |
| Total cultural and recreational | 18,533 | 16,746 | 1,787 | 15,238 |
| Total expenditures | \$ 1,036,580 | \$ 851,409 | \$ 185,171 | \$ 763,624 |

Town of Stantonsburg, North Carolina
Electric Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|--|--------------|--------------|------------------------------------|--------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Charges for services: | | | | |
| Electricity service | \$ 2,532,001 | \$ 2,324,067 | \$ (207,934) | \$ 2,251,465 |
| Sale of materials | 1,000 | 10,250 | 9,250 | 1,550 |
| Miscellaneous revenue | 79,500 | 24,452 | (55,048) | 33,694 |
| Total charges for services | 2,612,501 | 2,358,769 | (253,732) | 2,286,709 |
| Nonoperating revenues: | | | | |
| Interest earned on investments | 23,000 | 13,728 | (9,272) | 49,590 |
| Duke Power coal ash settlement | - | 20,377 | 20,377 | - |
| Total revenues | 2,635,501 | 2,392,874 | (242,627) | 2,336,299 |
| Expenditures: | | | | |
| Electrical operations | 2,318,814 | 1,755,631 | 563,183 | 1,596,931 |
| Capital outlay | 265,000 | 234,626 | 30,374 | 33,129 |
| Total expenditures | 2,583,814 | 1,990,257 | 593,557 | 1,630,060 |
| Revenues over expenditures | 51,687 | 402,617 | 350,930 | 706,239 |
| Other financing sources (uses): | | | | |
| Insurance recoveries | - | 4,353 | 4,353 | - |
| Sale of capital assets | - | 5,000 | 5,000 | - |
| Appropriated retained earnings | 378,187 | - | (378,187) | - |
| Transfer to General Fund | (429,874) | (389,573) | 40,301 | (290,000) |
| Total other financing sources (uses) | (51,687) | (380,220) | (328,533) | (290,000) |
| Revenues and other financing sources over expenditures and other uses | \$ - | \$ 22,397 | \$ 22,397 | \$ 416,239 |

Town of Stantonsburg, North Carolina
Electric Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| 2021 | | | 2020 |
|--------|--------|------------------------------------|--------|
| Budget | Actual | Variance Positive (Negative) | Actual |

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

| | | |
|--|-------------------|-------------------|
| Revenues and other financing sources over expenditures and other uses | \$ 22,397 | \$ 416,239 |
| Reconciling items: | | |
| Capital outlay | 234,626 | 33,129 |
| (Increase) decrease in compensated absences payable | 4,554 | (4,432) |
| Increase (decrease) in deferred outflows of resources - pensions | 6,316 | (3,229) |
| Increase in net pension liability | (16,255) | (20,164) |
| (Increase) decrease in deferred inflows of resources - pensions | (2,290) | 305 |
| Increase in deferred outflows of resources - OPEB | 6,498 | 4,193 |
| Increase in total OPEB liability | (1,394) | (594) |
| (Increase) decrease in deferred inflows of resources - OPEB | 161 | (1,004) |
| Depreciation | (82,494) | (69,902) |
| Total reconciling items | <u>149,722</u> | <u>(61,698)</u> |
| Change in net position | <u>\$ 172,119</u> | <u>\$ 354,541</u> |

Town of Stantonsburg, North Carolina
Electric Fund

Schedule of Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|-------------------------------|--------------|--------------|------------------------------------|--------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Electrical operations: | | | | |
| Salaries | \$ | \$ 280,767 | \$ | \$ 264,282 |
| FICA tax | | 21,175 | | 20,081 |
| Health insurance | | 38,677 | | 47,236 |
| Health insurance - retirees | | 11,054 | | - |
| Retirement | | 27,919 | | 23,336 |
| 401-k match | | 5,378 | | 4,488 |
| Electric purchases | | 1,134,087 | | 1,026,731 |
| Professional services | | 9,069 | | 13,443 |
| Telephone | | 4,252 | | 2,878 |
| Travel | | 452 | | 586 |
| Maintenance and repairs | | 11,406 | | 19,232 |
| Advertising | | - | | 100 |
| Auto supplies and repairs | | 16,732 | | 15,762 |
| Office supplies and postage | | 6,940 | | 2,488 |
| Supplies and materials | | 59,849 | | 43,523 |
| Heating | | 855 | | 551 |
| Uniforms | | 4,968 | | 3,333 |
| Special contract services | | 53,906 | | 47,936 |
| Utilities | | 4,934 | | 5,390 |
| Training | | 50 | | 984 |
| Dues and subscriptions | | 5,592 | | 4,108 |
| Insurance and bonds | | 33,385 | | 26,958 |
| Miscellaneous | | 24,184 | | 19,134 |
| Electric service bad debts | | - | | 4,371 |
| Total electrical operations | 2,318,814 | 1,755,631 | 563,183 | 1,596,931 |
| Capital outlay: | | | | |
| Capital outlay | 265,000 | 234,626 | 30,374 | 33,129 |
| Total expenditures | \$ 2,583,814 | \$ 1,990,257 | \$ 593,557 | \$ 1,630,060 |

Town of Stantonsburg, North Carolina
Water and Sewer Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|--|------------|------------|------------------------------------|------------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues: | | | | |
| Charges for services: | | | | |
| Water service | \$ 475,331 | \$ 537,838 | \$ 62,507 | \$ 478,357 |
| Sewer service | 327,000 | 353,348 | 26,348 | 327,011 |
| Water and sewer tap fees | 5,000 | 11,750 | 6,750 | 3,900 |
| Sale of materials | 500 | - | (500) | 400 |
| Miscellaneous revenue | 2,500 | 913 | (1,587) | - |
| Total charges for services | 810,331 | 903,849 | 93,518 | 809,668 |
| Nonoperating revenues: | | | | |
| Interest earned on investments | 17,500 | 8,717 | (8,783) | 28,758 |
| Total revenues | 827,831 | 912,566 | 84,735 | 838,426 |
| Expenditures: | | | | |
| Water treatment and distribution | 290,439 | 215,118 | 75,321 | 231,705 |
| Waste collection and treatment | 336,886 | 298,721 | 38,165 | 239,477 |
| Debt service | 159,000 | 157,710 | 1,290 | 156,867 |
| Capital outlay | 41,506 | 35,091 | 6,415 | 31,119 |
| Total expenditures | 827,831 | 706,640 | 121,191 | 659,168 |
| Revenues over expenditures | - | 205,926 | 205,926 | 179,258 |
| Other financing sources (uses): | | | | |
| Transfers to other funds: | | | | |
| Water & Sewer Capital Projects Fund | - | - | - | (147) |
| Revenues and other financing sources over expenditures and other uses | \$ - | \$ 205,926 | \$ 205,926 | \$ 179,111 |

Town of Stantonsburg, North Carolina
Water and Sewer Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| 2021 | | | 2020 |
|--------|--------|------------------------------------|--------|
| Budget | Actual | Variance Positive (Negative) | Actual |

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

| | | |
|--|--------------------------|-------------------------|
| Revenues and other financing sources over expenditures and other uses | <u>\$ 205,926</u> | <u>\$ 179,111</u> |
| Reconciling items: | | |
| Principal retirement | 86,287 | 84,287 |
| Capital outlay | 35,091 | 31,119 |
| Increase (decrease) in deferred outflows of resources - pensions | 4,605 | (5,794) |
| Increase in net pension liability | (10,867) | (6,979) |
| (Increase) decrease in deferred inflows of resources - pensions | (1,335) | 305 |
| Increase in deferred outflows of resources - OPEB | 3,790 | 2,447 |
| Increase in total OPEB liability | (813) | (347) |
| (Increase) decrease in deferred inflows of resources - OPEB | 94 | (586) |
| Depreciation | (330,670) | (324,170) |
| Capital contributions | - | 103,867 |
| Decrease in compensated absences payable | 1,979 | 5,011 |
| Transfer to other funds: | | |
| Water & Sewer Capital Projects Fund | - | 147 |
| Total reconciling items | <u>(211,839)</u> | <u>(110,693)</u> |
| Change in net position | <u><u>\$ (5,913)</u></u> | <u><u>\$ 68,418</u></u> |

Town of Stantonsburg, North Carolina
Water and Sewer Fund
Schedule of Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | | 2020 |
|--|---------|-----------|------------------------------------|-----------|
| | Budget | Actual | Variance Positive (Negative) | Actual |
| Water treatment and distribution: | | | | |
| Salaries | \$ | \$ 60,820 | \$ | \$ 72,401 |
| FICA tax | | 4,643 | | 5,489 |
| Health insurance | | 8,721 | | 12,126 |
| Health insurance - retirees | | 8,594 | | 3,869 |
| Retirement | | 5,962 | | 6,442 |
| 401-k match | | 1,189 | | 1,266 |
| Professional services | | 5,380 | | 5,936 |
| Telephone | | 536 | | 422 |
| Maintenance and repairs | | 16,859 | | 21,008 |
| Auto supplies and repairs | | 5,657 | | 4,717 |
| Office supplies and postage | | 2,125 | | 1,260 |
| Supplies and materials | | 14,819 | | 12,862 |
| Water analysis | | 5,236 | | 3,993 |
| Heating fuel | | 1,000 | | 1,023 |
| Special contract services | | 2,208 | | 10,074 |
| Utilities | | 47,403 | | 46,164 |
| Uniforms | | 2,736 | | 1,895 |
| Training | | 562 | | 85 |
| Permits | | 840 | | - |
| Dues and subscriptions | | 253 | | - |
| Insurance and bonds | | 15,366 | | 16,000 |
| Miscellaneous | | 4,209 | | 4,673 |
| Total water treatment and distribution | 290,439 | 215,118 | 75,321 | 231,705 |

Waste collection and treatment:

| | | |
|-----------------------------|---------|--------|
| Salaries | 103,855 | 77,149 |
| FICA tax | 7,935 | 5,852 |
| Health insurance | 18,821 | 13,009 |
| Retirement | 10,393 | 6,867 |
| 401-k match | 2,045 | 1,353 |
| Professional services | 4,920 | 5,936 |
| Telephone | 2,082 | 1,874 |
| Maintenance and repairs | 17,106 | 12,042 |
| Auto supplies and repairs | 5,911 | 4,615 |
| Office supplies and postage | 1,483 | 1,202 |
| Supplies and materials | 11,314 | 6,736 |

(continued)

Town of Stantonsburg, North Carolina
Water and Sewer Fund
Schedule of Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

| | 2021 | | 2020 |
|--|----------------|--|----------------|
| | Budget | Actual Variance Positive (Negative) | Actual |
| Waste collection and treatment, continued | | | |
| Water analysis | | 17,198 | 17,226 |
| Uniforms | | 2,238 | 2,602 |
| Special contract services | | 34,753 | 28,314 |
| Utilities | | 38,985 | 36,591 |
| Insurance and bonds | | 14,866 | 14,500 |
| Miscellaneous | | 1,468 | 3,529 |
| Training | | 1,335 | 80 |
| Permits | | 1,670 | - |
| Dues and subscriptions | | 343 | - |
| Total waste collection and treatment | 336,886 | 298,721 | 38,165 |
| | | | 239,477 |
| Debt service: | | | |
| Principal retirement | | 86,287 | 84,287 |
| Interest | | 71,423 | 72,580 |
| Total debt service | 159,000 | 157,710 | 1,290 |
| | | | 156,867 |
| Capital outlay: | | | |
| Water capital outlay | | 26,506 | 20,500 |
| Sewer capital outlay | | 8,585 | 10,619 |
| Total capital outlay | 41,506 | 35,091 | 6,415 |
| | | | 31,119 |
| Total expenditures | \$ 827,831 | \$ 706,640 | \$ 121,191 |
| | | | \$ 659,168 |

Town of Stantonsburg, North Carolina
Water and Sewer Capital Projects Fund
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2021

Stantonsburg New Well Project

| | Project Author - ization | Actual | | | Variance Positive (Negative) |
|--|--------------------------------|----------------|-----------------|------------------|------------------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| State Water Reserve Grant | \$ 310,000 | \$ - | \$ - | \$ - | \$ (310,000) |
| Expenditures: | | | | | |
| Professional services | | 5,985 | 7,663 | 13,648 | |
| Construction | | 13,799 | 43,301 | 57,100 | |
| Closing fee (1.5% of Grant) | | - | - | - | |
| Closing fee (2.0% of Loan) | | - | - | - | |
| Total expenditures | 630,850 | 19,784 | 50,964 | 70,748 | 560,102 |
| Revenues over (under) expenditures | (320,850) | (19,784) | (50,964) | (70,748) | 250,102 |
| Other financing sources: | | | | | |
| State Water Reserve Loan | 310,000 | - | - | - | (310,000) |
| Transfer from Water and Sewer Fund | 10,850 | - | - | - | (10,850) |
| Total other financing sources | 320,850 | - | - | - | (320,850) |
| Revenues and other financing sources over (under) expenditures | | | | | |
| | \$ - | \$ (19,784) | \$ (50,964) | \$ (70,748) | \$ (70,748) |

Other Schedules

This section contains additional information on property taxes and USDA requested data.

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

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

| Fiscal Year | Uncollected Balance June 30, 2020 | Additions | Collections | Releases | Uncollected Balance June 30, 2021 |
|---|--|-------------------|-----------------------|-----------------|--|
| 2020-2021 | \$ - | \$ 208,526 (a) | \$ 203,780 (b) | \$ 594 (a) | \$ 4,152 (c) |
| 2019-2020 | 6,973 | - | 4,886 | - | 2,087 |
| 2018-2019 | 2,777 | - | 1,048 | 37 | 1,692 |
| 2017-2018 | 1,445 | - | 362 | 37 | 1,046 |
| 2016-2017 | 6,917 | - | 67 | - | 6,850 |
| 2015-2016 | 1,414 | - | - | - | 1,414 |
| 2014-2015 | 3,581 | - | - | - | 3,581 |
| 2013-2014 | 4,177 | - | - | - | 4,177 |
| 2012-2013 | 3,239 | - | - | - | 3,239 |
| 2011-2012 | 2,664 | - | - | - | 2,664 |
| 2010-2011 | 2,404 | - | 9 | 2,395 | - |
| | <u>\$ 35,591</u> | <u>\$ 208,526</u> | <u>\$ 210,152 (d)</u> | <u>\$ 3,063</u> | <u>30,902</u> |
| Less: allowance for uncollectible ad valorem taxes receivable | | | | | <u>(15,564)</u> |
| Ad valorem taxes receivable - net | | | | | <u>\$ 15,338</u> |
| RECONCILIATION TO REVENUES: | | | | | |
| Ad valorem taxes - General Fund | | | | | \$ 211,504 |
| Reconciling items: | | | | | |
| Penalties and interest collected | | | | | <u>(1,352)</u> |
| Total collections | | | | | <u>\$ 210,152 (d)</u> |

The lower case letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

Town of Stantonsburg, North Carolina
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's rate | \$ 39,003,200 | 0.50 | \$ 195,016 | \$ 158,408 | \$ 36,608 |
| Discoveries: | | | | | |
| Current year taxes | 2,702,000 | | 13,510 | 13,510 | - |
| Abatements | (118,800) | | (594) | (594) | - |
| Total property valuation | <u>\$ 41,586,400</u> | | | | |
| Net levy | | | 207,932 (a) | 171,324 | 36,608 |
| Uncollected taxes at June 30, 2021 | | | <u>(4,152) (c)</u> | <u>(4,152)</u> | <u>-</u> |
| Current year's taxes collected | | | <u>\$ 203,780 (b)</u> | <u>\$ 167,172</u> | <u>\$ 36,608</u> |
| Current levy collection percentage | | | <u>98.00%</u> | <u>97.58%</u> | <u>100.00%</u> |

The lower case letters next to certain amounts on the Schedule of Ad Valorem Taxes Receivable and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

Town of Stantonsburg, North Carolina
Schedule of Net Position
Water and Sewer Fund by Function
June 30, 2021

| | Water | Sewer | Total |
|--|--------------|--------------|--------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 767,717 | \$ 144,182 | \$ 911,899 |
| Investments | 1,300,861 | - | 1,300,861 |
| Accounts receivable (net) | 71,841 | 43,726 | 115,567 |
| Inventories | 3,725 | 5,335 | 9,060 |
| Restricted assets: | | | |
| Cash and cash equivalents | 101,823 | - | 101,823 |
| Total current assets | 2,245,967 | 193,243 | 2,439,210 |
| Capital assets: | | | |
| Land, non-depreciable improvements, and construction in progress | 80,748 | 79,940 | 160,688 |
| Other capital assets, net of depreciation | 3,114,351 | 3,494,226 | 6,608,577 |
| Capital assets (net) | 3,195,099 | 3,574,166 | 6,769,265 |
| Total assets | 5,441,066 | 3,767,409 | 9,208,475 |
| Deferred outflows of resources | | | |
| Pension deferrals | 19,665 | 21,630 | 41,295 |
| OPEB deferrals | 2,970 | 3,267 | 6,237 |
| Total deferred outflows of resources | 22,635 | 24,897 | 47,532 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 5,188 | 3,365 | 8,553 |
| Compensated absences payable - current | 2,147 | 3,341 | 5,488 |
| NC Clean Water Revolving Loan - current | - | 55,287 | 55,287 |
| Water and sewer system revenue bonds - current | 32,000 | - | 32,000 |
| Total current liabilities | 39,335 | 61,993 | 101,328 |
| Non-current liabilities: | | | |
| Net pension liability | 31,482 | 34,630 | 66,112 |
| Total OPEB liability | 5,579 | 6,137 | 11,716 |
| NC Clean Water Revolving Loan | - | 608,157 | 608,157 |
| Water and sewer system revenue bonds | 1,727,000 | - | 1,727,000 |
| Total noncurrent liabilities | 1,764,061 | 648,924 | 2,412,985 |
| Total liabilities | 1,803,396 | 710,917 | 2,514,313 |
| Deferred inflows of resources | | | |
| Pension deferrals | 635 | 700 | 1,335 |
| OPEB deferrals | 234 | 258 | 492 |
| Total deferred inflows of resources | 869 | 958 | 1,827 |
| Net position | | | |
| Net investment in capital assets | 1,436,099 | 2,910,722 | 4,346,821 |
| Unrestricted | 2,223,337 | 169,709 | 2,393,046 |
| Total net position | \$ 3,659,436 | \$ 3,080,431 | \$ 6,739,867 |

Town of Stantonsburg, North Carolina
Schedule of Revenues, Expenses, and Changes in Net Position
Water and Sewer Fund by Function
For the Fiscal Year Ended June 30, 2021

| | Water | Sewer | Total |
|--|--------------|--------------|--------------|
| Operating revenues: | | | |
| Charges for services | \$ 550,045 | \$ 353,804 | \$ 903,849 |
| Operating expenses: | | | |
| Water treatment and distribution | 216,083 | - | 216,083 |
| Waste collection and treatment | - | 300,303 | 300,303 |
| Depreciation | 143,331 | 187,339 | 330,670 |
| Total operating expenses | 359,414 | 487,642 | 847,056 |
| Operating income (loss) | 190,631 | (133,838) | 56,793 |
| Nonoperating revenues (expenses): | | | |
| Interest earned on investments | 8,122 | 595 | 8,717 |
| Interest and other charges | (71,423) | - | (71,423) |
| Total nonoperating revenues (expenses) | (63,301) | 595 | (62,706) |
| Change in net position | 127,330 | (133,243) | (5,913) |
| Total net position, beginning | 3,532,106 | 3,213,674 | 6,745,780 |
| Total net position, ending | \$ 3,659,436 | \$ 3,080,431 | \$ 6,739,867 |

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

| | Water | Sewer | Total |
|--|---------------------|-------------------|---------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 538,161 | \$ 358,678 | \$ 896,839 |
| Cash paid for goods and services | (130,383) | (155,706) | (286,089) |
| Cash paid to or on behalf of employees for services | (81,335) | (143,049) | (224,384) |
| Net cash provided by operating activities | <u>326,443</u> | <u>59,923</u> | <u>386,366</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (77,470) | (8,585) | (86,055) |
| Principal paid on debt | (31,000) | (55,287) | (86,287) |
| Interest paid on debt | (71,423) | - | (71,423) |
| Net cash used by capital and related financing activities | <u>(179,893)</u> | <u>(63,872)</u> | <u>(243,765)</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | <u>8,122</u> | <u>595</u> | <u>8,717</u> |
| Net increase (decrease) in cash and cash equivalents | 154,672 | (3,354) | 151,318 |
| Cash and cash equivalents, beginning | <u>2,015,729</u> | <u>147,536</u> | <u>2,163,265</u> |
| Cash and cash equivalents, ending | <u>\$ 2,170,401</u> | <u>\$ 144,182</u> | <u>\$ 2,314,583</u> |
| Reconciliation of cash and cash equivalents, ending | | | |
| Cash and cash equivalents | \$ 767,717 | \$ 144,182 | \$ 911,899 |
| Investments | 1,300,861 | - | 1,300,861 |
| Restricted cash and cash equivalents | 101,823 | - | 101,823 |
| Total cash and cash equivalents | <u>\$ 2,170,401</u> | <u>\$ 144,182</u> | <u>\$ 2,314,583</u> |

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

| | Water | Sewer | Total |
|--|------------|--------------|------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 190,631 | \$ (133,838) | \$ 56,793 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 143,331 | 187,339 | 330,670 |
| Changes in assets, deferred outflows of resources, and liabilities: | | | |
| (Increase) decrease in accounts receivable | (11,884) | 4,874 | (7,010) |
| Increase in inventories | (1,788) | (3,399) | (5,187) |
| Increase in accounts payable and accrued liabilities | 5,188 | 3,365 | 8,553 |
| Decrease in compensated absences payable | (1,017) | (962) | (1,979) |
| Increase in deferred outflows of resources - pensions | (1,854) | (2,751) | (4,605) |
| Increase in deferred outflows of resources - OPEB | (1,805) | (1,985) | (3,790) |
| Increase in net pension liability | 4,664 | 6,203 | 10,867 |
| Increase in OPEB liability | 387 | 426 | 813 |
| Increase in deferred inflows of resources - pensions | 635 | 700 | 1,335 |
| Decrease in deferred inflows of resources - OPEB | (45) | (49) | (94) |
| Total adjustments | 135,812 | 193,761 | 329,573 |
| Net cash provided by operating activities | \$ 326,443 | \$ 59,923 | \$ 386,366 |