

**REVIEWED**

*By SLGFD at 2:12 pm, Jan 24, 2022*

# Town of Stedman

## North Carolina

### Independent Auditor's Report Financial Statements and Supplementary Information

June 30, 2021

**Town of Stedman, North Carolina**  
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## Financial Section

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**Independent Auditor's Report**

To the Honorable Mayor and  
Board of Commissioners  
Town of Stedman, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stedman, 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 Stedman, 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.

**Auditor's Responsibility**

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

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

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

**Opinions**

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required 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.

### *Other Information*

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

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

*Haigh, Byrd + Lambert, LLP*

Fayetteville, North Carolina

December 22, 2021

## Management's Discussion and Analysis

## Management's Discussion and Analysis

As management of the Town of Stedman, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities 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 \$4,410,168 (*net position*).
- The government's total net position increased by \$240,202 primarily due to governmental-type activities.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$672,156, a net increase of \$135,465 from last year. Approximately 13.68% of this total amount, or \$91,982, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$474,598 or 43.55% of total General Fund expenditures for the fiscal year.

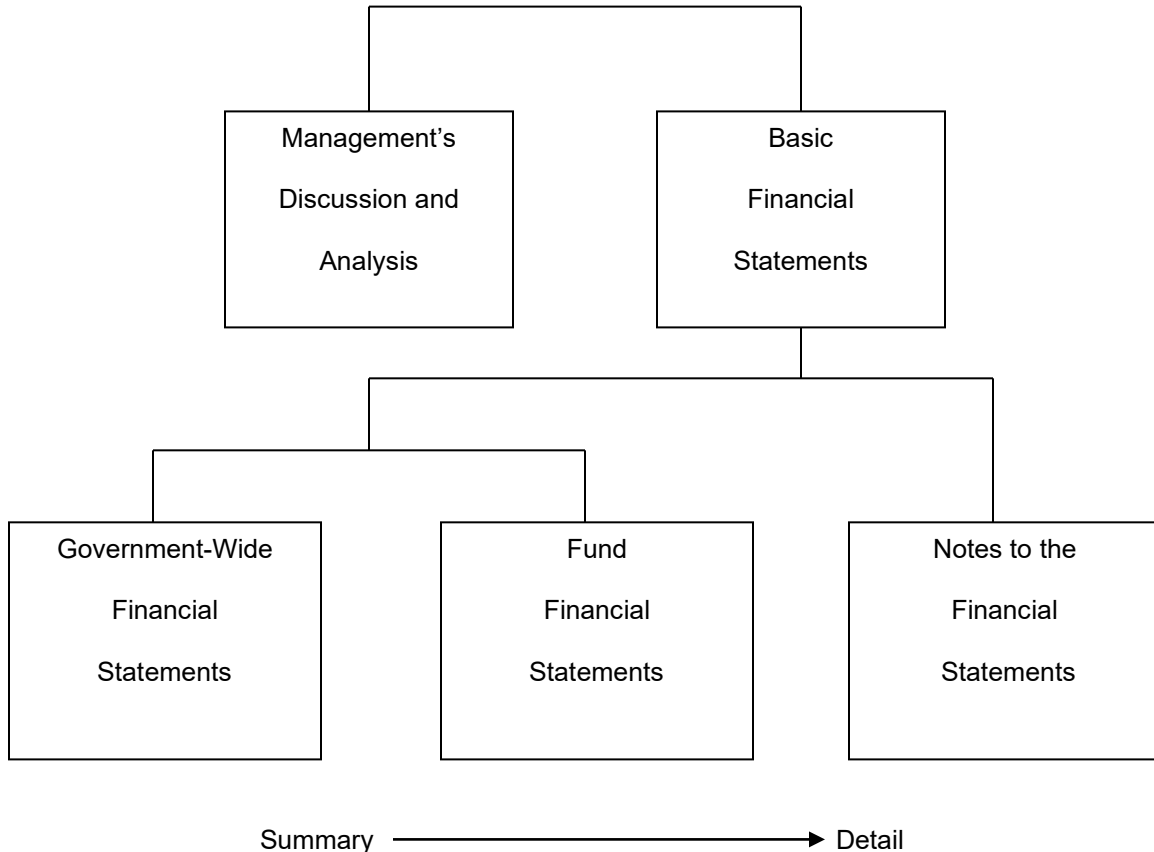
### Overview of the Financial Statements

This discussion and analysis is 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.



## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## Government-Wide Financial Statements

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

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

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

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

## Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The Town has a kind of proprietary fund called an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

**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 post-employment benefits to its employees.

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 government and other holders of publicly held U.S. Treasury Securities.

### Town of Stedman's Net Position

**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 691,580	\$ 571,197	\$ 592,604	\$ 767,012	\$ 1,284,184	\$ 1,338,209
Capital assets	1,009,401	553,379	3,743,698	3,921,965	4,753,099	4,475,344
Deferred outflows of resources	181,293	165,641	13,215	10,865	194,508	176,506
Total assets and deferred outflows of resources	<u>\$ 1,882,274</u>	<u>\$ 1,290,217</u>	<u>\$ 4,349,517</u>	<u>\$ 4,699,842</u>	<u>\$ 6,231,791</u>	<u>\$ 5,990,059</u>
Current liabilities	\$ 51,994	\$ 56,400	\$ 99,230	\$ 109,902	\$ 151,224	\$ 166,302
Long-term liabilities	680,641	597,693	660,033	684,681	1,340,674	1,282,374
Deferred inflows of resources	303,084	340,960	26,641	30,457	329,725	371,417
Total liabilities and deferred inflows of resources	<u>\$ 1,035,719</u>	<u>\$ 995,053</u>	<u>\$ 785,904</u>	<u>\$ 825,040</u>	<u>\$ 1,821,623</u>	<u>\$ 1,820,093</u>
Net position:						
Net investment in capital assets	\$ 852,261	\$ 509,435	\$ 3,107,098	\$ 3,262,365	\$ 3,959,359	\$ 3,771,800
Restricted	91,982	86,745	-	-	91,982	86,745
Unrestricted	(97,688)	(301,016)	456,515	612,437	358,827	311,421
Total net position	<u>\$ 846,555</u>	<u>\$ 295,164</u>	<u>\$ 3,563,613</u>	<u>\$ 3,874,802</u>	<u>\$ 4,410,168</u>	<u>\$ 4,169,966</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. As of June 30, 2021, the assets and deferred outflows of the Town exceeded its liabilities and deferred inflows by \$4,410,168. For the fiscal year ended June 30, 2021, the Town's net position increased by \$240,202. The largest portion (89.78%) of net position reflects the Town's net investment in capital assets (e.g., land, buildings, plant and distribution systems, and machinery and equipment); less any related debt still outstanding that was issued to acquire those items. 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 \$91,982 (2.09%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$358,827 (8.14%) is unrestricted.

The following particular aspect 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 99.41%.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 559,702	\$ 501,536	\$ 559,702	\$ 501,536
Operating grants and contributions	31,959	31,328	-	-	31,959	31,328
Capital grants and contributions	350,211	134,054	-	-	350,211	134,054
General revenues:						
Property taxes	343,330	335,621	-	-	343,330	335,621
Other taxes	5,670	5,570	-	-	5,670	5,570
Grants and contributions not restricted to specific programs	336,766	307,724	-	-	336,766	307,724
Unrestricted investment earnings	65	4,360	100	6,755	165	11,115
Other	22,544	9,553	-	-	22,544	9,553
Total revenues	1,090,545	828,210	559,802	508,291	1,650,347	1,336,501
Expenses:						
General government	142,100	140,066	-	-	142,100	140,066
Public safety	193,420	258,691	-	-	193,420	258,691
Transportation	134,183	193,798	-	-	134,183	193,798
Environmental protection	65,075	71,731	-	-	65,075	71,731
Cultural and recreational	3,501	8,029	-	-	3,501	8,029
Interest on long-term debt	875	1,448	-	-	875	1,448
Water and sewer	-	-	870,991	669,659	870,991	669,659
Total expenses	539,154	673,763	870,991	669,659	1,410,145	1,343,422
Increase (Decrease) in net position	551,391	154,447	(311,189)	(161,368)	240,202	(6,921)
Net position, beginning,	295,164	140,717	3,874,802	4,036,170	4,169,966	4,176,887
Net position, ending	\$ 846,555	\$ 295,164	\$ 3,563,613	\$ 3,874,802	\$ 4,410,168	\$ 4,169,966

**Governmental Activities.** Governmental activities increased the Town's net position by \$551,391.

**Business-Type Activities.** Business-type activities decreased the Town's net position by \$311,189.

#### 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 fund 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, unassigned fund balance of the General Fund was \$474,598, while total fund balance was \$672,156. 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 43.55% of total General Fund expenditures, while total fund balance represents 61.68% of that same amount.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on a few 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.

Actual revenues were more than budgeted amounts, particularly property and sales tax revenue. Expenditures were less than those budgeted, with the exception of debt service expenditures.

**Proprietary Funds.** The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$456,515. The total decrease in net position for the fund was \$311,189.

#### Capital Asset and Debt Administration

**Capital Assets.** As of June 30, 2021, the Town's investment in capital assets for its governmental and business-type activities totals \$4,753,099 (net of accumulated depreciation). These assets include land, buildings, plant and distribution systems, machinery and equipment, park facilities, and vehicles.

#### Town of Stedman's Capital Assets (Net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 71,406	\$ 33,606	\$ -	\$ -	\$ 71,406	\$ 33,606
Construction in progress	53,019	134,055	-	-	53,019	134,055
Buildings and systems	555,056	38,078	3,737,601	3,911,069	4,292,657	3,949,147
Improvements	15,108	-	-	-	15,108	-
Furniture and equipment	87,851	105,943	5,503	6,738	93,354	112,681
Infrastructure	226,368	234,098	-	-	226,368	234,098
Vehicles	593	7,599	594	4,158	1,187	11,757
<b>Total</b>	<b>\$ 1,009,401</b>	<b>\$ 553,379</b>	<b>\$ 3,743,698</b>	<b>\$ 3,921,965</b>	<b>\$ 4,753,099</b>	<b>\$ 4,475,344</b>

Additional information on the Town's capital assets can be found in Note III-A-4 of the basic financial statements.

*Long-Term Debt.* As of June 30, 2021, the Town had total bonded debt outstanding of \$636,600 and \$23,140 of capitalized lease debt. All of the Town's bonds are backed by the full faith and credit of the Town.

### Town of Stedman's Outstanding Debt

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
USDA general obligation bonds	\$ -	\$ -	\$ 636,600	\$ 659,600	\$ 636,600	\$ 659,600
Direct borrowing installment purchase	134,000	-	-	-	134,000	-
Capitalized lease	23,140	43,944	-	-	23,140	43,944
Total OPEB liability	437,143	459,515	38,426	41,046	475,569	500,561
Net pension liability (LGERS)	88,687	72,450	7,796	6,474	96,483	78,924
Total pension liability (LEO)	16,441	32,887	-	-	16,441	32,887
Compensated absences	17,071	14,751	1,891	1,211	18,962	15,962
<b>Total</b>	<b>\$ 716,482</b>	<b>\$ 623,547</b>	<b>\$ 684,713</b>	<b>\$ 708,331</b>	<b>\$ 1,401,195</b>	<b>\$ 1,331,878</b>

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 \$7,899,755.

Additional information regarding the Town's long-term debt can be found in Note III-B-5 of this report.

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

*Governmental Activities.* The Town's property tax rate will remain thirty-two cents (\$0.32) per one hundred dollars (\$100) valuation of property. The Town has appropriated fund balance of \$105,576 in the fiscal year 2022 budget. Budgeted expenditures in the General Fund include a capital outlay appropriation for a new maintenance truck and equipment trailer. Management believes that stable revenues and continued restrictions on spending will maintain the Town's financial position.

*Business-Type Activities.* Water rates will increase from \$17.00 flat rate plus \$3.00 per 1,000 gallons to \$19.50 plus \$3.00 per 1,000 for customers inside the town limits and from \$21.00 flat rate plus \$4.00 per 1,000 gallons to \$23.50 plus \$4.00 per 1,000 gallons for outside the town limits. Sewer rates will increase from a flat rate of \$20.50 plus \$4.00 per 1,000 gallons for customers inside the town limits and \$27.25 plus \$5.50 per 1,000 gallons for customers outside the town limits to \$23.00 plus \$4.00 per 1,000 gallons for inside the town limits and \$29.75 flat rate plus \$5.50 per 1,000 gallons outside town limits. Bulk water rates will remain \$4.00 per 1,000 gallons used and the base rate for sewer customers with no water connection will increase to \$62.50. All water and sewer facility investment fees will remain the same.

### 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 Finance Officer, Town of Stedman, Post Office Box 220, Stedman, North Carolina 28391. One can also call (910) 323-1892 or send an email to [chorne.tos@ncrrbiz.com](mailto:chorne.tos@ncrrbiz.com) for more information.

## Basic Financial Statements

**Town of Stedman, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 595,913	\$ 512,741	\$ 1,108,654
Restricted cash and cash equivalents	15,985	22,369	38,354
Taxes receivables (net)	3,271	-	3,271
Accounts receivable (net)	480	57,497	57,977
Internal balances	348	(348)	-
Due from other governments	75,583	345	75,928
Total current assets	691,580	592,604	1,284,184
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	124,425	-	124,425
Other capital assets, net of depreciation	884,976	3,743,698	4,628,674
Total capital assets	1,009,401	3,743,698	4,753,099
Total assets	1,700,981	4,336,302	6,037,283
Deferred outflows of resources:			
Pension deferrals	53,467	4,699	58,166
OPEB deferrals	127,826	8,516	136,342
Total deferred outflows of resources	181,293	13,215	194,508
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	16,153	49,516	65,669
Accrued interest payable	-	2,665	2,665
Customer deposits	-	22,369	22,369
Compensated absences	5,571	680	6,251
Installment loan payable	8,933	-	8,933
Capital lease obligation payable	21,337	-	21,337
General obligation bonds payable	-	24,000	24,000
Total current liabilities	51,994	99,230	151,224
Long-term liabilities:			
Due in more than one year	680,641	660,033	1,340,674
Total long-term liabilities	680,641	660,033	1,340,674
Total liabilities	732,635	759,263	1,491,898
Deferred inflows of resources:			
Prepaid taxes	-	-	-
Pension deferrals	2,211	194	2,405
OPEB deferrals	300,873	26,447	327,320
Total deferred inflows of resources	303,084	26,641	329,725
<b>Net position:</b>			
Net investment in capital assets	852,261	3,107,098	3,959,359
Restricted for:			
Stabilization by State Statute	76,411	-	76,411
Streets	15,571	-	15,571
Unrestricted	(97,688)	456,515	358,827
Total net position	\$ 846,555	\$ 3,563,613	\$ 4,410,168

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



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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 142,100	\$ -	\$ -	\$ -	\$ (142,100)	\$ -	\$ (142,100)
Public safety	193,420	-	2,050	-	(191,370)	-	(191,370)
Transportation	134,183	-	29,072	-	(105,111)	-	(105,111)
Environmental protection	65,075	-	837	-	(64,238)	-	(64,238)
Cultural and recreational	3,501	-	-	350,211	346,710	-	346,710
Interest on long-term debt	875	-	-	-	(875)	-	(875)
Total governmental activities	539,154	-	31,959	350,211	(156,984)	-	(156,984)
<b>Business-type activities:</b>							
Water and sewer	870,991	559,702	-	-	-	(311,289)	(311,289)
Total business-type activities	870,991	559,702	-	-	-	(311,289)	(311,289)
<b>Total</b>	<b>\$ 1,410,145</b>	<b>\$ 559,702</b>	<b>\$ 31,959</b>	<b>\$ 350,211</b>	<b>(156,984)</b>	<b>(311,289)</b>	<b>(468,273)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purpose					343,330	-	343,330
Other taxes					5,670	-	5,670
Grants and contributions not restricted to specific programs					336,766	-	336,766
Unrestricted investment earnings					65	100	165
Other					22,544	-	22,544
Total general revenues					708,375	100	708,475
Change in net position					551,391	(311,189)	240,202
Net position, beginning					295,164	3,874,802	4,169,966
Net position, end of year					\$ 846,555	\$ 3,563,613	\$ 4,410,168

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

**Town of Stedman, North Carolina**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2021**

	<u>Major Fund</u> <u>General</u>
Assets:	
Cash and cash equivalents	\$ 595,913
Restricted cash and cash equivalents	15,985
Receivables, net:	
Taxes	3,271
Accounts	480
Due from other funds	348
Due from other governments	75,583
Total assets	<u>\$ 691,580</u>
Liabilities:	
Accounts payable and accrued liabilities	\$ 16,153
Due to other funds	-
Total liabilities	<u>16,153</u>
Deferred inflows of resources:	
Property taxes receivable	3,271
Prepaid taxes	-
Total deferred inflows of resources	<u>3,271</u>
Fund balance:	
Restricted:	
Stabilization by State Statute	76,411
Streets	15,571
Assigned:	
Subsequent year's expenditures	105,576
Unassigned	474,598
Total fund balance	<u>672,156</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 691,580</u>

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

**Town of Stedman, North Carolina**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2021**

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

Total fund balance - governmental fund	\$ 672,156
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Governmental capital assets	1,712,165
Less accumulated depreciation	(702,764)
Deferred outflows of resources related to pensions are not reported in the funds.	53,467
Deferred outflows of resources related to OPEB are not reported in the funds.	127,826
Earned revenues considered deferred inflows of resources in fund statements.	3,271
Long-term liabilities used in governmental funds are not financial uses and therefore are not reported in the funds.	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).	(157,140)
Net pension liability	(88,687)
Total pension liability	(16,441)
Compensated absences	(17,071)
OPEB liability	(437,143)
Deferred inflows of resources related to pensions are not reported in the funds.	(2,211)
Deferred inflows of resources related to OPEB are not reported in the funds.	(300,873)
Net position of governmental activities	\$ 846,555

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

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

	Major Fund General
Revenues:	
Ad valorem taxes	\$ 344,019
Other taxes and licenses	5,670
Unrestricted intergovernmental	336,766
Restricted intergovernmental	31,959
Investment earnings	65
Miscellaneous	22,544
Total revenues	<u>741,023</u>
Expenditures:	
Current:	
General government	163,762
Public safety	210,993
Transportation	136,975
Environmental protection	62,004
Cultural and recreational	1,012
Debt service:	
Principal	20,804
Interest and other charges	875
Capital outlay	493,344
Total expenditures	<u>1,089,769</u>
Revenues over (under) expenditures	<u>(348,746)</u>
Other financing sources (uses):	
Loan proceeds	134,000
Capital contribution	350,211
Total other financing sources (uses)	<u>484,211</u>
Net change in fund balance	135,465
Fund balance, beginning of year	<u>536,691</u>
Fund balance, end of year	<u><u>\$ 672,156</u></u>

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

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

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

Net change in fund balance - governmental fund	\$ 135,465
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	493,344
Depreciation expense for government assets	(37,322)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	20,865
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	16,446
OPEB payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	26,413
Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	
Change in unavailable revenue for tax revenues	(689)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
New long-term debt issued	(134,000)
Principal payments on long-term debt	20,804
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(2,320)
Pension expense	(29,565)
OPEB plan expense	41,950
Total changes in net position of governmental activities	<u>\$ 551,391</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 306,320	\$ 306,320	\$ 344,019	\$ 37,699
Other taxes and licenses	4,500	4,500	5,670	1,170
Unrestricted intergovernmental	230,800	230,000	336,766	106,766
Restricted intergovernmental	30,489	31,922	31,959	37
Investment earnings	3,000	2,029	65	(1,964)
Miscellaneous	300	11,139	22,544	11,405
Total revenues	575,409	585,910	741,023	155,113
Expenditures:				
Current:				
General government	184,748	173,111	163,762	9,349
Public safety	282,877	282,877	210,993	71,884
Transportation	268,597	269,394	280,108	(10,714)
Environmental protection	66,939	66,939	62,004	4,935
Cultural and recreational	353,211	353,211	351,223	1,988
Debt service:				
Principal retirement	-	21,679	20,804	875
Interest and other charges	-	-	875	(875)
Total expenditures	1,156,372	1,167,211	1,089,769	77,442
Revenues over (under) expenditures	(580,963)	(581,301)	(348,746)	232,555
Other financing sources (uses):				
Loan proceeds		-	134,000	134,000
Capital contribution	350,211	350,211	350,211	-
Total other financing sources (uses)	350,211	350,211	484,211	134,000
Fund balance appropriated	230,752	231,090	-	(231,090)
Net change in fund balance	\$ -	\$ -	135,465	\$ 135,465
Fund balance, beginning of year			536,691	
Fund balance, end of year			\$ 672,156	

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

**Town of Stedman, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	Major Enterprise Fund Water and Sewer
Assets:	
Current assets:	
Cash and cash equivalents	\$ 512,741
Accounts receivable (net)	57,497
Due from other governments	345
Restricted cash and cash equivalents	22,369
Total current assets	<u>592,952</u>
Non-current assets:	
Capital assets:	
Land and other non-depreciable assets	-
Other capital assets, net of depreciation	3,743,698
Total capital assets (net)	<u>3,743,698</u>
Total non-current assets	<u>3,743,698</u>
Total assets	<u><u>4,336,650</u></u>
Deferred outflows of resources:	
Pension deferrals	4,699
OPEB deferrals	8,516
Total deferred outflows of resources	<u><u>13,215</u></u>
Liabilities:	
Current liabilities:	
Accounts payable	49,516
Due to other funds	348
Accrued interest payable	2,665
Compensated absences	680
General obligation bonds payable	24,000
Liabilities payable from restricted assets:	
Customer deposits	22,369
Total current liabilities	<u>99,578</u>
Noncurrent liabilities:	
Compensated absences	1,211
Net pension liability	7,796
Installment loan payable	-
General obligation bonds payable	612,600
Total OPEB liability	38,426
Total long-term liabilities	<u>660,033</u>
Total liabilities	<u><u>759,611</u></u>
Deferred inflows of resources:	
Pension deferrals	194
OPEB deferrals	26,447
Total deferred inflows of resources	<u><u>26,641</u></u>
Net position:	
Net investment in capital assets	3,107,098
Unrestricted	456,515
Total net position	<u><u>\$ 3,563,613</u></u>

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

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

	Major Enterprise Fund Water and Sewer
Operating revenues:	
Charges for services	\$ 506,613
Water and sewer taps	3,376
Other operating revenues	49,713
Total operating revenues	<u>559,702</u>
Operating expenses:	
Administration and finance	52,952
Water treatment and distribution	147,312
Waste collection and treatment	459,415
Depreciation	178,267
Total operating expenses	<u>837,946</u>
Operating income (loss)	<u>(278,244)</u>
Non-operating revenues (expenses):	
Investment earnings	100
Interest and other charges	(33,045)
Total non-operating revenues (expenses)	<u>(32,945)</u>
Income (loss) before contributions and transfers	(311,189)
Change in net position	(311,189)
Total net position, beginning	3,874,802
Total net position, ending	<u><u>\$ 3,563,613</u></u>

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



**Town of Stedman, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2021**

	Major Enterprise Fund Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 591,922
Cash paid for goods and services	(649,068)
Cash paid to or on behalf of employees for services	(31,647)
Customer deposits received	2,550
Net cash provided (used) by operating activities	<u>(86,243)</u>
Cash flows from noncapital financing activities:	
Due to (from) other funds	<u>348</u>
Cash flows from capital and related financing activities:	
Principal paid on bond maturities	(23,000)
Interest paid on bond maturities	(33,045)
Net cash provided (used) by capital and related financing activities	<u>(56,045)</u>
Cash flows from investing activities:	
Interest	<u>100</u>
Net increase (decrease) in cash and cash equivalents	(141,840)
Balance, beginning of year	676,950
Balance, end of year	<u><u>\$ 535,110</u></u>

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

**Town of Stedman, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2021**

	Major Enterprise Fund Water and Sewer
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (278,244)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	178,267
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	32,220
(Increase) decrease in deferred outflows of resources - pensions	(537)
(Increase) decrease in deferred outflows of resources - OPEB	(1,813)
Increase (decrease) in net pension liability	1,322
Increase (decrease) in deferred inflows of resources - pensions	(60)
Increase (decrease) in deferred inflows of resources - OPEB	(3,756)
Increase (decrease) in accounts payable and accrued liabilities	(14,252)
Increase (decrease) in customer deposits	2,550
Increase (decrease) in accrued vacation pay	680
Increase (decrease) in OPEB liability	(2,620)
Total adjustments	192,001
Net cash provided (used) by operating activities	\$ (86,243)

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

## Notes to the Financial Statements

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

**I. Summary of Significant Accounting Policies**

The accounting policies of 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 board.

**B. Basis of Presentation**

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

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

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

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

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise funds:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund 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.

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

position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. 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 multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

##### 1. Deposits and Investments

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

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

##### 3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening local streets per G.S. 136-41.1 through 136-41.4.

#### Restricted Cash

##### Governmental activities

General Fund	
Streets	\$ 15,985
Total governmental activities	<u>15,985</u>

##### Business-type activities

Water and Sewer Fund	
Customer deposits	<u>22,369</u>
Total business-type activities	<u>22,369</u>

Total restricted cash	<u>\$ 38,354</u>
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#### 4. Ad Valorem Taxes Receivable

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

#### 5. Allowances for Doubtful Accounts

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

#### 6. Prepaid Items

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

#### 7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain amount and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$7,500; infrastructure, \$10,000; furniture and equipment, \$2,500; and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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 cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives is not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	40
Buildings	40
Improvements	20
Furniture and equipment	10
Computer equipment	5
Vehicles	5

## 8. Deferred Outflows/Inflows of Resources

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

## 9. Long-Term Obligations

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

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

## 10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 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 either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.



## Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

**Assigned Fund Balance** – portion of fund balance that the Town 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 budget officer to modify the appropriations by resource or appropriation within funds.

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

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The 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.

## 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 of Stedman's employer contributions are recognized when due and the Town of Stedman has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## II. Stewardship, Compliance, and Accountability

### A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's Transportation department exceeded the authorized appropriations made by the governing board by \$10,714. The Board approved the purchase and financing of a capital addition however the budget was not amended to include the expenditure or the funds received through the financing agreement. Management and the Board will more closely review the budget reports to ensure compliance in future years.

## 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 unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and 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 \$287,345 and a bank balance of \$290,968. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$110.

#### 2. Investments

At June 30, 2021, the Town had \$859,500 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

### 3. Receivables - Allowances for Doubtful Accounts

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

General Fund:

Taxes receivable	\$	<u>3,810</u>
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### 4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 33,606	\$ 37,800	\$ -	\$ 71,406
Construction in progress	134,055	350,211	(431,247)	53,019
Total capital assets not being depreciated	<u>167,661</u>	<u>388,011</u>	<u>(431,247)</u>	<u>124,425</u>
Capital assets being depreciated:				
Buildings	148,896	521,472	-	670,368
Improvements	3,446	15,108	-	18,554
Furniture and equipment	375,745	-	-	375,745
Vehicles	213,850	-	-	213,850
Infrastructure	309,223	-	-	309,223
Total capital assets being depreciated	<u>1,051,160</u>	<u>536,580</u>	<u>-</u>	<u>1,587,740</u>
Less accumulated depreciation for:				
Buildings	110,818	4,494	-	115,312
Improvements	3,446	-	-	3,446
Furniture and equipment	269,802	18,092	-	287,894
Vehicles	206,251	7,006	-	213,257
Infrastructure	75,125	7,730	-	82,855
Total accumulated depreciation	<u>665,442</u>	<u>37,322</u>	<u>-</u>	<u>702,764</u>
Total capital assets being depreciated, net	<u>385,718</u>			<u>884,976</u>
Governmental activity capital assets, net	<u>\$ 553,379</u>			<u>\$1,009,401</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 4,591
Public safety	4,331
Transportation	24,496
Environmental protection	1,415
Cultural and recreational	2,489
Total depreciation expense	<u>\$ 37,322</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Plant and distribution systems	7,563,798	-	-	7,563,798
Furniture and equipment	28,830	-	-	28,830
Vehicles	17,813	-	-	17,813
Total capital assets being depreciated	7,610,441	-	-	7,610,441
Less accumulated depreciation for:				
Plant and distribution systems	3,652,729	173,468	-	3,826,197
Furniture and equipment	22,092	1,235	-	23,327
Vehicles	13,655	3,564	-	17,219
Total accumulated depreciation	3,688,476	178,267	-	3,866,743
Total capital assets being depreciated, net	3,921,965			3,743,698
Water and Sewer Fund capital assets, net	3,921,965			3,743,698
Business-type activity capital assets, net	\$ 3,921,965			\$ 3,743,698

## B. Liabilities

### 1. Pension Plan and Post-Employment Obligations

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

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

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or

at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stedman employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Stedman's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Stedman were \$22,699 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$96,483 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 asset 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 0.00270%, which was a decrease of 0.00019% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$32,143. 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	\$ 12,184	\$ -
Changes of assumptions	7,180	-
Net difference between projected and actual earnings on pension plan investments	13,578	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,525	2,405
Town contributions subsequent to the measurement date	22,699	-
Total	<u>\$ 58,166</u>	<u>\$ 2,405</u>

\$22,699 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 8,486
2023	12,748
2024	7,810
2025	4,018
2026	-
Thereafter	-
	<u>\$ 33,062</u>

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 195,752	\$ 96,483	\$ 13,982

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

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

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	1
Total	<u>2</u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies.

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

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

3. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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. The Town paid \$16,446 as benefits came due for the reporting period.

At June 30, 2021, the Town reported a total pension liability of \$16,441. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year can be reasonably estimated. The eligible retiree will receive benefits for five more years and the active law enforcement officer will not meet the criteria to receive the Separation Allowance before reaching age 62. Therefore, an actuarial study was not required.



	2021
Beginning balance	\$ 32,887
Service cost	-
Interest on total pension liability	-
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	-
Benefit payments	(16,446)
Other changes	-
Ending balance of the total pension liability	<u>\$ 16,441</u>

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 32,164	\$ -	\$ 32,164
Pension Liability	96,483	16,441	112,924
Proportionate share of the net pension liability	0.00270%	n/a	-
Deferred of Outflows of Resources			
Differences between expected and actual experience	12,184	-	12,184
Changes of assumptions	7,180	-	7,180
Net difference between projected and actual earnings on plan investments	13,578	-	13,578
Changes in proportion and differences between contributions and proportionate share of contributions	2,525	-	2,525
Benefit payments and administrative costs paid subsequent to the measurement date	22,699	16,446	39,145
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,405	-	2,405

c. Supplemental Retirement Income Plan

*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 Comprehensive Annual

Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$2,666 to the plan for the reporting year.

The Town has elected to contribute to the Plan for general employees as well. Contributions for the year ended June 30, 2021 for general employees were \$21,119, which consisted of \$8,515 from the Town and \$12,604 from general employees.

d. Other Post-Employment Benefits (OPEB)

Healthcare Benefits

*Plan Description.* The Town's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the Town. The Plan, which is administered by the Town, allows employees who retire and meet retirement eligibility requirements under the North Carolina Local Government Employees' Retirement System to continue medical insurance coverage as a participant in the Town's Plan. No assets are in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits Provided.* An employee who retires before age 65 under the provisions set forth under the North Carolina Local Government Employees' Retirement System and has completed at least five years of continuous service with the Town of Stedman may continue the group health, vision and dental insurance plan coverage until age 65, with the Town sharing the cost based upon length of service with the Town. Dependent coverage would be paid in full by the retiree. The employee must elect to continue the insurance at the time of retirement to receive the following:

<u>Years of Creditable Service</u>	<u>Retiree Benefit</u>
Less than 5 years	Not eligible for coverage
5-10 years	Retiree pays 100% of current retiree rate
10-20 years	Town pays 25% of current retiree rate, retiree pays remainder
20-25 years	Town pays 50% of current retiree rate, retiree pays remainder
25+ years	Town pays 100% of current retiree rate

At age 65, Medicare and Medicare supplement will be shared as shown above. An employee who, without regard to length of service or age, becomes totally disabled and must retire from the Town's employment due to the disability shall also be allowed to continue to participate in the group health, vision, and dental insurance plan provided that the former employee reimburse the Town for all premium costs. The families of the former employee shall also participate provided that the former employee reimburses the Town for all dependent coverage premium costs.

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

	General Employees
Retirees and dependents receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	5
	<u>7</u>

#### Total OPEB Liability

The Town's total OPEB liability of \$475,569 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

*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%
Salary Increases	Varies by Service
Discount Rate	2.66%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

Given the Town's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.66%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard & Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

#### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 500,561
Changes for the year	
Service cost	16,022
Interest	13,817
Changes of benefit terms	-
Difference between expected and actual experience	49,463
Changes in assumption	(61,293)
Benefit payments	(43,001)
Net changes	(24,992)
Balance at June 30, 2021	<u>\$ 475,569</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.79% to 2.66%.

Mortality rates were based on RP-2014 Mortality Tables projected to the valuation date using Projection Scale MP-2015.

*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 (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate:

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	\$ 551,629	\$ 475,569	\$ 414,648

*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 3.00% - 6.00%	Health Care Cost Trend 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB liability	\$ 413,798	\$ 475,569	\$ 552,290

#### 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 \$(45,638). 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	\$ 59,626	\$ -
Changes of assumptions	45,763	327,320
Benefit payments and administrative costs made subsequent to the measurement date	30,953	-
Total	<u>\$ 136,342</u>	<u>\$ 327,320</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

#### Year ended June 30:

2022	\$ (76,477)
2023	(76,477)
2024	(76,475)
2025	9,468
2026	(1,970)
Thereafter	-
	<u>\$ (221,931)</u>

## 2. Other Employment Benefits

The Town has elected to provide death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at 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.

The Town also has elected to provide life insurance coverage to employees through the North Carolina League of Municipalities.

## 3. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$	22,699
Benefit payments and administrative expenses for OPEB made subsequent to measurement date		30,953
Differences between expected and actual experience		71,810
Changes of assumptions		52,943
Net difference between projected and actual earnings		13,578
Changes in proportion and differences between employer contributions and proportionate share of contributions		2,525
Total	\$	<u>194,508</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes receivable (General Fund), less penalties	-	3,271
Changes in assumption	327,320	-
Differences between expected and actual experience	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,405	-
Total	<u>\$ 329,725</u>	<u>\$ 3,271</u>

#### 4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability, police professional liability, and auto liability coverage of \$2 million per occurrence, employee benefits, public officials, and employment practices liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to \$1 million. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professionals' liability, and public officials' liability in excess of \$1 million; property in excess of \$500,000; and \$1 million up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Because the Town is in an area of the State that has been mapped and designated a moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain flood insurance.

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 insured under blanket crime coverage up to \$10,000. The finance officer is individually bonded for \$50,000.

#### 5. Long-Term Obligations.

##### a. Capital Leases

The Town has entered into an agreement to lease certain equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on July 13, 2018 to lease a Kubota tractor and requires 48 monthly payments of \$1,807. In the agreement, title passes to the Town at the end of the lease term.

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

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 108,373	\$ 32,512	\$ 75,861
Total	\$ 108,373	\$ 32,512	\$ 75,861

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

<u>Year Ending June 30</u>	
2022	\$ 21,337
2023	1,803
Total minimum lease payments	<u>23,140</u>
Less: amount representing interest	<u>344</u>
Present value of the minimum lease payments	<u>\$ 22,796</u>

b. Notes Payable

In February 2021, the Town entered into a \$134,000 direct placement contract for an existing building through LGFCU Financial Partners, LLC. The note is due in 15 annual installments of \$8,933 plus interest computed at 3.50% beginning February 5, 2022 and is secured by a Deed of Trust on the property. Annual debt service payments of the installment purchase as of June 30, 2021, including \$37,361 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,933	\$ 4,510
2023	8,933	4,377
2024	8,933	4,065
2025	8,933	3,762
2026	8,933	3,439
2027-2031	44,665	12,514
2032-2036	<u>44,670</u>	<u>4,694</u>
	<u>\$ 134,000</u>	<u>\$ 37,361</u>

c. General Obligation Indebtedness

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due. In the event of a default, the Town agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the Town under this Agreement.

Bonds payable at June 30, 2021 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

\$70,000 1994 direct placement USDA water bonds due in varying annual installments through June 1, 2033; interest at 5.375%.	\$	32,500
\$15,000 1994 direct placement USDA water bonds due in varying annual installments through June 1, 2033; interest at 5.375%.		8,100
\$860,000 2000 direct placement USDA sewer bonds due in varying annual installments through June 1, 2040; interest at 5.000%.		596,000
	\$	<u>636,600</u>

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

Year Ending June 30	<u>Business-Type Activities</u>	
	Principal	Interest
2022	\$ 24,000	\$ 31,982
2023	25,500	30,773
2024	27,100	29,489
2025-2029	155,300	125,746
2030-2034	188,700	82,568
2035-2039	180,000	36,000
2040-2041	36,000	1,800
Total	<u>\$ 636,600</u>	<u>\$ 338,358</u>

At June 30, 2021, the Town had a legal debt margin of \$7,899,755.



#### d. Changes in Long-Term Liabilities

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

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental activities:					
Direct borrowing installment purchase	\$ -	\$ 134,000	\$ -	\$ 134,000	\$ 8,933
Compensated absences	14,751	2,320	-	17,071	5,571
Capitalized lease	43,944	-	20,804	23,140	21,337
Total OPEB liability	459,515	-	22,372	437,143	-
Net pension liability (LGERS)	72,450	16,237	-	88,687	-
Total pension liability (LEO)	32,887	-	16,446	16,441	-
Governmental activity long-term liabilities	<u>\$ 623,547</u>	<u>\$ 152,557</u>	<u>\$ 59,622</u>	<u>\$ 716,482</u>	<u>\$ 35,841</u>
Business-type activities:					
Direct borrowing installment purchase	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	1,211	680	-	1,891	680
Total OPEB liability	41,046	-	2,620	38,426	-
Net pension liability (LGERS)	6,474	1,322	-	7,796	-
USDA general obligation bonds	659,600	-	23,000	636,600	24,000
Business-type activity long-term liabilities	<u>\$ 708,331</u>	<u>\$ 2,002</u>	<u>\$ 25,620</u>	<u>\$ 684,713</u>	<u>\$ 24,680</u>

#### C. 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	\$ 672,156
Less:	
Stabilization by State Statute	76,411
Streets – Powell Bill	15,571
Appropriated fund balance in 2022 budget	<u>105,576</u>
Remaining fund balance	<u>\$ 474,598</u>

#### IV. Jointly Governed Organization

The Town, in conjunction with three counties and twenty other municipalities established the Mid-Carolina 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.

## V. Summary Disclosure of Significant Contingencies

### State Assisted Programs

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

### VI. Subsequent events

Subsequent events have been evaluated through December 22, 2021, which is the date the financial statements were available to be issued.

## Required Supplementary Financial Data

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

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- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government 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
- Schedule of Changes in the Total OPEB Liability and Related Ratios

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

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017	2016
Town of Stedman's proportion of the net pension liability (asset) (%)	0.00270%	0.00289%	0.00246%	0.00272%	0.00328%	0.00331%
Town of Stedman's proportion of the net pension liability (asset) (\$)	\$ 96,483	\$ 78,924	\$ 58,360	\$ 41,554	\$ 69,614	\$ 14,855
Town of Stedman's covered-employee payroll	\$ 209,124	\$ 189,465	\$ 174,550	\$ 157,298	\$ 183,576	\$169,566
Town of Stedman's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.14%	41.66%	33.43%	26.42%	37.92%	8.76%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%

**Town of Stedman, North Carolina  
Town of Stedman's Contributions  
Required Supplementary Information  
Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 22,699	\$ 19,091	\$ 14,969	\$ 13,349	\$ 11,755	\$ 12,467
Contributions in relation to the contractually required contribution	22,699	19,091	14,969	13,349	11,755	12,467
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Stedman's covered employee payroll	\$ 223,633	\$ 209,124	\$ 189,465	\$ 174,550	\$157,298	\$183,576
Contributions as a percentage of covered employee payroll	10.15%	9.13%	7.90%	7.65%	7.47%	6.79%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 32,887	\$ 49,333	\$ 65,779	\$ 82,225	\$ 98,671
Service cost	-	-	-	-	-
Interest on total pension liability	-	-	-	-	-
Change in benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	-	-	-	-	-
Changes of assumptions or other inputs	-	-	-	-	-
Benefit payments	(16,446)	(16,446)	(16,446)	(16,446)	(16,446)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 16,441</u>	<u>\$ 32,887</u>	<u>\$ 49,333</u>	<u>\$ 65,779</u>	<u>\$ 82,225</u>

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 16,441	\$ 32,887	\$ 49,333	\$ 65,779	\$ 82,225
Covered payroll	\$ 53,329	\$ 54,435	\$ 54,435	\$ 65,698	\$ 62,773
Total pension liability as a percentage of covered payroll	30.83%	60.42%	90.63%	100.12%	130.99%

Notes to the schedules:

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

**Town of Stedman, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 16,022	\$ 11,403	\$ 12,394	\$ 13,584
Interest	13,817	16,841	33,973	29,739
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	49,463	-	36,812	-
Changes of assumptions	(61,293)	68,645	(552,486)	(138,703)
Benefit payments	(43,001)	(39,816)	-	(43,438)
<b>Net change in total OPEB liability</b>	<u>(24,992)</u>	<u>57,073</u>	<u>(469,307)</u>	<u>(138,818)</u>
<b>Total OPEB liability - beginning</b>	500,561	443,488	912,795	1,051,613
<b>Total OPEB liability - ending</b>	<u><u>\$ 475,569</u></u>	<u><u>\$ 500,561</u></u>	<u><u>\$ 443,488</u></u>	<u><u>\$ 912,795</u></u>
 <b>Covered payroll</b>	 \$ 209,124	 \$ 143,017	 \$ 142,679	 \$ 125,139
<b>Total OPEB liability as a percentage of covered payroll</b>	227.41%	350.00%	310.83%	767.08%

**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	2.66%
2020	2.79%
2019	3.87%
2018	3.58%
2017	2.85%



## Individual Fund Financial Statements and Schedules

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 342,611	\$ -
Penalties and interest	-	1,408	-
Total	<u>306,320</u>	<u>344,019</u>	<u>37,699</u>
Other taxes and licenses:			
Vehicle licenses	-	5,670	-
Total	<u>4,500</u>	<u>5,670</u>	<u>1,170</u>
Unrestricted intergovernmental:			
Local option sales taxes	-	277,735	-
Utilities sales tax	-	59,031	-
Total	<u>230,000</u>	<u>336,766</u>	<u>106,766</u>
Restricted intergovernmental:			
Powell Bill allocation	-	29,072	-
CARES Relief Fund	-	2,050	-
Solid waste disposal tax	-	837	-
Total	<u>31,922</u>	<u>31,959</u>	<u>37</u>
Investment earnings	<u>2,029</u>	<u>65</u>	<u>(1,964)</u>
Miscellaneous			
Miscellaneous	-	22,544	-
Total	<u>11,139</u>	<u>22,544</u>	<u>11,405</u>
Total revenues	<u>585,910</u>	<u>741,023</u>	<u>155,113</u>

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

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Salaries and employee benefits - Governing Body	-	5,025	-
Salaries and employee benefits - Administration	-	100,162	-
Utilities and telephone	-	6,870	-
Maintenance and repairs	-	9,859	-
Supplies	-	1,364	-
Membership dues	-	6,300	-
Insurance	-	7,441	-
Other operating expenditures	-	2,619	-
Capital outlay	-	-	-
Total	<u>144,861</u>	<u>139,640</u>	<u>5,221</u>
 Taxes:			
Collection fees	<u>6,000</u>	<u>6,117</u>	<u>(117)</u>
 Legal:			
Contracted services	<u>22,250</u>	<u>18,005</u>	<u>4,245</u>
Total general government	<u>173,111</u>	<u>163,762</u>	<u>9,349</u>
 Public safety:			
Police:			
Salaries and employee benefits	-	107,057	-
Maintenance and repairs	-	2,911	-
Supplies	-	1,878	-
Other operating expenditures	-	1,707	-
Total	<u>185,437</u>	<u>113,553</u>	<u>71,884</u>
 Fire:			
Contracted services	<u>97,440</u>	<u>97,440</u>	<u>-</u>
Total public safety	<u>282,877</u>	<u>210,993</u>	<u>71,884</u>
 Transportation:			
Streets:			
Salaries and employee benefits	-	81,794	-
Street lights	-	29,798	-
Supplies	-	2,383	-
Contracted services	-	18,500	-
Other operating expenditures	-	4,500	-
Capital outlay	-	143,133	-
Total transportation	<u>269,394</u>	<u>280,108</u>	<u>(10,714)</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Solid waste:			
Salaries and employee benefits	-	56,567	-
Supplies	-	3,681	-
Other operating expenditures	-	1,756	-
Capital outlay	-	-	-
Total environmental protection	<u>66,939</u>	<u>62,004</u>	<u>4,935</u>
Cultural and recreational:			
Parks and recreation:			
Maintenance and repairs	-	1,012	-
Other operating expenditures	-	-	-
Capital outlay	-	350,211	-
Total cultural and recreational	<u>353,211</u>	<u>351,223</u>	<u>1,988</u>
Debt service:			
Principal retirement	-	20,804	-
Interest and other charges	-	875	-
Total debt service	<u>21,679</u>	<u>21,679</u>	<u>-</u>
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,167,211</u>	<u>1,089,769</u>	<u>77,442</u>
Revenues over (under) expenditures	<u>(581,301)</u>	<u>(348,746)</u>	<u>232,555</u>
Other financing sources (uses):			
Loan proceeds	-	134,000	
Capital contribution	-	350,211	-
Total other financing sources (uses)	<u>350,211</u>	<u>484,211</u>	<u>134,000</u>
Fund balance appropriated	<u>231,090</u>	<u>-</u>	<u>(231,090)</u>
Net change in fund balance	<u>\$ -</u>	<u>135,465</u>	<u>\$ 135,465</u>
Fund balance:			
Beginning of year		<u>536,691</u>	
End of year		<u>\$ 672,156</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales	\$ 212,000	\$ 223,692	\$ 11,692
Sewer charges	262,000	282,921	20,921
Water and sewer taps	2,500	3,376	876
Other operating revenues	6,200	49,713	43,513
Total operating revenues	482,700	559,702	77,002
Non-operating revenues:			
Interest earnings	5,000	100	(4,900)
Total revenues	487,700	559,802	72,102
Expenditures:			
Water and sewer administration and finance:			
Salaries and employee benefits	-	31,647	-
Professional services	-	7,500	-
Insurance	-	7,441	-
Other operating expenditures	-	13,148	-
Total water and sewer administration and finance	58,856	59,736	(880)
Water treatment and distribution:			
Maintenance and repairs	-	12,389	-
Supplies	-	8,127	-
Contracted services	-	26,068	-
Water purchases	-	86,673	-
Other operating expenditures	-	14,055	-
Total water treatment and distribution	171,816	147,312	24,504
Waste collection and treatment:			
Contracted services	-	459,415	-
Total waste collection and treatment	498,000	459,415	38,585
Debt service:			
Interest and other charges	-	33,142	-
Principal retirement	-	23,000	-
Total debt service	62,146	56,142	6,004
Capital outlay	10,534	-	10,534
Total expenditures	801,352	722,605	78,747

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues over (under) expenditures	<u>(313,652)</u>	<u>(162,803)</u>	<u>150,849</u>
Net assets appropriated	<u>90,652</u>	<u>-</u>	<u>(90,652)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u><u>\$ (223,000)</u></u>	<u><u>(162,803)</u></u>	<u><u>\$ 60,197</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		23,000	
Capital outlay		-	
(Increase) decrease in bond interest accrued		97	
(Increase) decrease in accrued vacation pay		(680)	
Increase (decrease) in deferred outflows of resources - pensions		537	
Increase (decrease) in deferred outflows of resources - OPEB		1,813	
(Increase) decrease in net pension liability		(1,322)	
(Increase) decrease in deferred inflows of resources - pensions		60	
(Increase) decrease in deferred inflows of resources - OPEB		3,756	
(Increase) decrease in OPEB liability		2,620	
Depreciation		<u>(178,267)</u>	
Total reconciling items		<u><u>(148,386)</u></u>	
Change in net position		<u><u>\$ (311,189)</u></u>	

## Other Schedules

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This section contains additional information on property taxes.

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

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

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 346,898	\$ 344,845	\$ 2,053
2019-2020	3,321	-	2,370	951
2018-2019	643	-	17	626
2017 and prior	4,066	-	626	3,440
	<u>\$ 8,030</u>	<u>\$ 346,898</u>	<u>\$ 347,858</u>	<u>7,070</u>
Less: allowance for uncollectible accounts General Fund				<u>(3,810)</u>
Ad valorem taxes receivable - net				<u>\$ 3,260</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 344,019
Reconciling items:				
Interest collected				(1,408)
Taxes written off				<u>5,247</u>
Subtotal				<u>3,839</u>
Total collections and credits				<u>\$ 347,858</u>



**Town of Stedman, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**For the Year Ended June 30, 2021**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy	\$ 108,698,172	\$ 0.32	\$ 347,834	\$ 293,580	\$ 54,254
Penalties	-		13	13	-
Total	<u>108,698,172</u>		<u>347,847</u>	<u>293,593</u>	<u>54,254</u>
Discoveries	985,516	0.32	3,154	3,154	-
Penalties	-		71	71	-
Total	<u>985,516</u>		<u>3,225</u>	<u>3,225</u>	<u>-</u>
Abatements	(1,304,247)	0.32	(4,173)	(4,173)	-
Penalties	-		(1)	(1)	-
Total	<u>(1,304,247)</u>		<u>(4,174)</u>	<u>(4,174)</u>	<u>-</u>
Total property valuation	<u><u>\$ 108,379,441</u></u>				
Net levy			346,898	292,644	54,254
Uncollected taxes at June 30, 2021			<u>(2,053)</u>	<u>(2,053)</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 344,845</u></u>	<u><u>\$ 290,591</u></u>	<u><u>\$ 54,254</u></u>
Current levy collection percentage			<u><u>99.41%</u></u>	<u><u>99.30%</u></u>	<u><u>100.00%</u></u>