

REVIEWED

By SLGFD at 4:41 pm, Feb 17, 2022

TOWN OF STONEVILLE

NORTH CAROLINA

Year Ended June 30, 2021

AUDIT REPORT

Town of Stoneville, North Carolina
June 30, 2021

Members of Town Council

Kathy Stanley-Galvan, Mayor

Johnny Farmer

Billy Farris

Chuck Hundley

Jerry Smith

Henry C. Thornton

Town Officials

Perry Webster

Samuel Stewart

Sherri Darnell

Interim Town Manager

Finance Officer

Town Clerk

**Town of Stoneville, North Carolina
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June 30, 2021**

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Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA
Judy G. Rouse, CPA
Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Stoneville, 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 Stoneville, 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's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial statement presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 54 and 55, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 56 and 57, 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.

Supplementary and Other Information

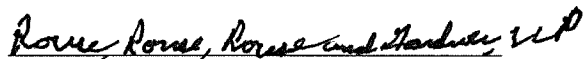
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Stoneville, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements*,

Cost Principles, and Audit Requirements for Federal and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2022 on our consideration of Town of Stoneville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Stoneville's internal control over financial reporting and compliance.



Rouse, Rouse, Rouse & Gardner, LLP

Eden, North Carolina

January 7, 2022

Management Discussion and Analysis
Town of Stoneville

Management's Discussion and Analysis

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

Financial Highlights

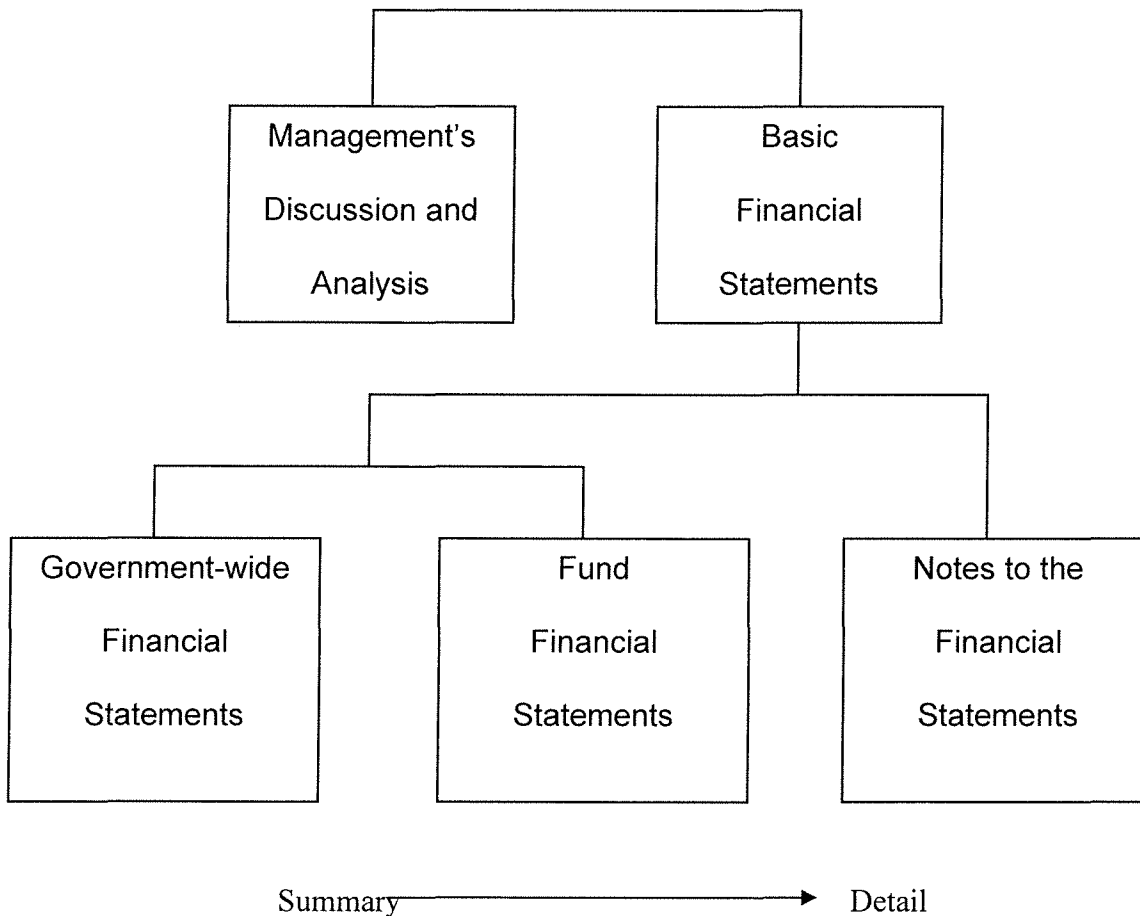
- The assets of the Town of Stoneville exceeded its liabilities at the close of the fiscal year by \$8,467,616 (*net position*).
- The government's total net position increased by \$654,539.
- As of the close of the current fiscal year, the Town of Stoneville's governmental funds reported combined ending fund balances of \$1,085,671, an increase of \$119,717 in comparison with the prior year. Approximately 61 percent of this total amount, or \$666,175, is available for spending at the government's discretion (unassigned fund balance).
- The Town of Stoneville's long-term debt increased by \$194,533 (12%) during the current fiscal year. The key factor in this increase was the acquisition of vehicles and equipment in both governmental activities and business type activities.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stoneville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the town's budget ordinance. All of the funds of the Town of Stoneville can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Stoneville 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

Management Discussion and Analysis

Town of Stoneville

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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Stoneville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

Management Discussion and Analysis
Town of Stoneville

Government-Wide Financial Analysis

The Town of Stoneville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,130,810	\$ 1,025,145	\$ 274,038	\$ 228,219	\$ 1,404,848	\$ 1,253,364
Capital assets	1,092,377	996,173	7,758,624	7,287,198	8,851,001	8,283,371
Deferred outflows of resources	170,565	110,803	26,063	19,508	196,628	130,311
Total assets & outflows of resources	2,393,752	2,132,121	8,058,725	7,534,925	10,452,477	9,667,046
Long-term liabilities outstanding	681,380	534,745	1,016,932	976,304	1,698,312	1,511,049
Other liabilities	68,772	85,696	124,562	140,450	193,334	226,146
Deferred inflows of resources	93,058	116,328	157	332	93,215	116,660
Total liabilities & deferred inflows of resources	843,210	736,769	1,141,651	1,117,086	1,984,861	1,853,855
Net position:						
Net investment in capital assets	798,405	724,942	6,791,736	6,353,334	7,590,141	7,078,276
Restricted	407,815	382,869	-	-	407,815	382,869
Unrestricted	344,322	287,541	125,338	64,505	469,660	352,046
Total net position	\$ 1,550,542	\$ 1,395,352	\$ 6,917,074	\$ 6,417,839	\$ 8,467,616	\$ 7,813,191

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Stoneville exceeded liabilities and deferred inflows by \$8,467,616 as of June 30, 2021. The town's net position increased by \$654,539 for the fiscal year ended June 30, 2021. However, the largest portion reflects the town's investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Stoneville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Stoneville's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Stoneville's net position 5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(469,660) is unrestricted.

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

- Total debt related to governmental activities amounted to \$721,023 at June 30, 2021, an increase of \$149,019 or 26% in comparison with the prior year. Most of the increase is due to the increase in the net OPEB obligation, pension obligation and payments on notes payable.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.34%, which is comparable to the statewide average.

Management Discussion and Analysis

Town of Stoneville

Town of Stoneville Changes in Net Position
Figure 3

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 124,393	\$ 126,765	\$ 628,999	\$ 658,847	\$ 753,392	\$ 785,612
Operating grants and contributions	232,851	264,806	20,150	11,650	253,001	276,456
Capital grant and contributions	74,000	57,971	647,107	882,464	721,107	940,435
General revenues:						
Property taxes	620,502	603,528	-	-	620,502	603,528
Unrestricted intergovernmental	435,021	390,222	-	-	435,021	390,222
Other	19,392	23,268	114	-	19,506	23,268
Total Revenues	1,506,159	1,466,560	1,296,370	1,552,961	2,802,529	3,019,521
Expenses:						
General government	380,367	358,552	-	-	380,367	358,552
Public safety	673,920	621,272	-	-	673,920	621,272
Public works	235,795	249,209	-	-	235,795	249,209
Transportation	1,957	-	-	-	1,957	-
Culture and recreation	14,992	56,860	-	-	14,992	56,860
Economic development	22,959	68,025	-	-	22,959	68,025
Cemetery	12,250	-	-	-	12,250	-
Interest on long term debt	8,729	9,522	-	-	8,729	9,522
Water and sewer	-	-	797,021	809,937	797,021	809,937
Total Expenses	1,350,969	1,363,440	797,021	809,937	2,147,990	2,173,377
Increase (decrease) in net position before transfers	155,190	103,120	499,349	743,024	654,539	846,144
Transfers	-	24,000	-	(24,000)	-	-
Increase (decrease) in net position	155,190	127,120	499,349	719,024	654,539	846,144
Net Position, beginning	1,395,352	1,268,232	6,417,839	5,698,815	7,813,191	6,967,047
Net Position, ending	\$ 1,550,542	\$ 1,395,352	\$ 6,917,188	\$ 6,417,839	\$ 8,467,730	\$ 7,813,191

Governmental activities. Governmental activities increased the Town's net position by \$155,190.

Business-type activities: Business-type activities increased the City of Stoneville's net position by \$499,349.

Financial Analysis of the Town Funds

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

Governmental Funds. The focus of the Town of Stoneville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Stoneville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Stoneville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$666,175 while total fund balance amounted to \$1,085,671. 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 46% percent of total General Fund expenditures. Total fund balance represents 75% percent of total General Fund expenditures.

At June 30, 2021, the governmental funds of the Town of Stoneville reported a combined fund balance of \$1,085,671 a 12% increase from last year.

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

Revenues were \$207,991 more than the budgeted amounts primarily because of sales taxes, cares act and private grants were \$78,016, \$28,326, and \$47,550 more than the Town had budgeted, respectively. Sales and Services were (13,735) less than budgeted and Investment Earnings were 278 more than budgeted. Actual expenditures were \$108,761 more than the budgeted amount primarily because Public Safety expenditures and Public Works expenditures were \$124,874 and \$94,031 more than the budgeted amounts, respectively.

Proprietary Funds. The town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to a balance of \$125,338. The total increase in net position for this fund was \$499,235. Factors concerning the finances of this fund have already been addressed in the discussion of the town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Stoneville's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$8,851,002 (net of accumulated depreciation). These assets include buildings, land, furniture and equipment, park facilities, and vehicles and motorized equipment.

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

- Governmental Activities – Additions
 - Land 2,500
 - Furniture and Equipment 47,286
 - Vehicles 77,374
 - Heavy Duty Vehicles 96,533
- Water and Sewer Fund – Additions
 - Construction in Process 513,107
 - Plant and Distribution System
 - Transferred from Construction in Process 1,440,549
 - Furniture and Equipment 242,000
- Depreciation expense for business type activities for the year ending June 30, 2021 amounted to \$283,681.
- Depreciation expense for governmental activities amounted to \$127,510.

Management Discussion and Analysis
Town of Stoneville

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

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2021	2020	2021	2020	2021	2020
Land	122,040	119,540	28,360	28,360	150,400	147,900
Construction in Progress	-	-	-	927,442	-	927,442
Buildings	161,126	170,248	-	-	161,126	170,248
Infrastructure	38,660	39,985	-	-	38,660	39,985
Other Improvements	48,441	53,334	5,984	-	54,425	53,334
Furniture, Fixtures & Expenditures	108,247	80,193	467,445	263,701	575,692	343,894
Water and Sewer Systems	-	-	7,256,835	6,146,924	7,256,835	6,146,924
Vehicles	613,864	532,873	-	-	613,864	532,873
Total	\$ 1,092,378	\$ 996,173	\$ 7,758,624	\$ 7,366,427	\$8,851,002	\$8,362,600

Additional information on the town's capital assets can be found in note III of this report.

Long-term Debt. As of June 30, 2021, the Town of Stoneville had total long-term debt outstanding of \$1,818,517. All of this debt is backed by the full faith and credit of the town.

Management Discussion and Analysis
Town of Stoneville

Town of Stoneville's Outstanding Debt
 Installment Purchases and Construction Loans
 Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct placement installment						
Purchases	293,974	271,230	117,642	20,826	411,616	292,056
Compensated Absences	44,998	34,361	4,541	7,109	49,539	41,470
Net pension obligation (LEO)	150,209	115,339	-	-	150,209	115,339
Town of Mayodan	-	-	154,475	205,967	154,475	205,967
General Obligation Bond	-	-	774,000	787,000	774,000	787,000
Bond anticipation note	-	-	-	-	-	-
Net pension liability	231,842	151,074	46,836	31,078	278,678	182,152
Total	721,023	572,004	1,097,494	1,051,980	1,818,517	1,623,984

The Town of Stoneville's total long-term debt increased by \$194,533 (12%) during the past fiscal year, primarily due to the acquisition of police vehicles, public works equipment and water and sewer fund equipment.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Stoneville is \$5,807,508. The town has no bonds authorized but un-issued at June 30, 2021.

Additional information regarding the Town of Stoneville's long-term debt can be found in note III 4 beginning on page 47 of this report.

Governmental Activities: Budgeted expenditures in the General Fund are expected to remain stable for the year ended June 30, 2022.

Management Discussion and Analysis
Town of Stoneville

Requests for Information

This report is designed to provide an overview of the town 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:

Samuel Stewart
Finance Officer
Town of Stoneville

Stoneville, NC 27048
(336) 573-9393
Email: ssewart@stonevillenc.org

Town of Stoneville
Statement of Net Position
June 30, 2021

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	683,878	169,636	853,514
Taxes receivable (net)	16,010	-	16,010
Account receivable (net)	30,599	69,326	99,925
Due from other governments	76,660	12,316	88,976
Prepaid items	11,681	-	11,681
Restricted cash and cash equivalents	311,982	22,760	334,742
Total Current Assets	<u>1,130,810</u>	<u>274,038</u>	<u>1,404,848</u>
Non-Current Assets			
Capital Assets:			
Land, non-depreciable improvements, and construction in progress	122,040	28,360	150,400
Other capital assets, net of depreciation	970,337	7,730,264	8,700,601
Total capital assets	<u>1,092,377</u>	<u>7,758,624</u>	<u>8,851,001</u>
 Total Assets	 <u>2,223,187</u>	 <u>8,032,662</u>	 <u>10,255,849</u>
Deferred Outflows of Resources			
Pension deferrals	170,565	26,063	196,628
Total deferred outflows of resources	<u>170,565</u>	<u>26,063</u>	<u>196,628</u>
LIABILITIES			
Current liabilities:			
Accounts payable	29,129	21,940	51,069
Customer deposits	-	22,060	22,060
Current portion of long-term liabilities	39,643	80,562	120,205
Total liabilities	<u>68,772</u>	<u>124,562</u>	<u>193,334</u>
Long-term liabilities:			
Net pension liability	231,842	46,836	278,678
Total pension liability	150,209	-	150,209
Due in more than one year	254,331	965,555	1,219,886
Compensated absences	44,998	4,541	49,539
Total liabilities	<u>681,380</u>	<u>1,016,932</u>	<u>1,698,312</u>
Deferred Inflows of Resources			
Pension deferrals			-
Total deferred inflows of resources	93,058	157	93,215
Total deferred inflows of resources	<u>93,058</u>	<u>157</u>	<u>93,215</u>
Net Position			
Net investment in capital assets	798,405	6,791,736	7,590,141
Restricted for:			
Stabilization by State Statute	85,421	-	85,421
Streets - Powell Bill	174,302	-	174,302
Public safety	22,642	-	22,642
Cemetery	104,887	-	104,887
Reserve account	20,563	-	20,563
Unrestricted:	344,322	125,338	469,660
Total net position	<u>1,550,542</u>	<u>6,917,074</u>	<u>8,467,616</u>

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

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

Exhibit 2

		Net (Expense) Revenue and Changes in Net Assets					
		Primary Government					
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	380,367	13,078	-	-	(367,289)		(367,289)
Public Safety	673,920	99,493	175,974	23,596	(374,857)		(374,857)
Public Works	235,795			50,404	(185,391)		(185,391)
Transportation	1,957		34,377	-	32,420		32,420
Economic Development	22,959		20,000	-	(2,959)		(2,959)
Cultural and Recreation	14,992		2,500		(12,492)		(12,492)
Cemetery	12,250	11,822		-	(428)		(428)
Interest on long-term debt	8,729		-	-	(8,729)		(8,729)
Total Governmental Activities	1,350,969	124,393	232,851	74,000	(919,725)	-	(919,725)
Business Type Activities							
Water Fund	797,021	628,999	20,150	647,107		499,235	499,235
Total	2,147,990	753,392	253,001	721,107	(919,725)	499,235	(420,490)
General Revenues:							
Property Taxes, Levied for General Purposes					620,502		620,502
Unrestricted Intergovernmental Allocations					435,021		435,021
Sale of assets					6,150		6,150
Investment Earnings					628		628
Miscellaneous					12,614	114	12,728
Total General Revenues, Special Items, and Transfers					1,074,915	114	1,075,029
Change in Net Position					155,190	499,349	654,539
Net Position - Beginning					1,395,352	6,417,839	7,813,191
Net Position - Ending					1,550,542	6,917,188	8,467,730

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

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

Exhibit 3

	Major Fund General	Total Governmental Funds
Assets		
Current Assets:		
Cash and Investments	683,878	683,878
Restricted Cash and Investments	311,982	311,982
Receivables (net)		-
Taxes	16,010	16,010
Accounts Receivable	30,599	30,599
Prepaid Expenses	11,681	11,681
Due from other Governmental Units	76,660	76,660
Total Assets	<u>1,130,810</u>	<u>1,130,810</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	29,129	29,129
Total liabilities	<u>29,129</u>	<u>29,129</u>
Deferred Inflows of Resources		
Property Taxes Receivable	16,010	16,010
Total Deferred Inflows of Resources	<u>16,010</u>	<u>16,010</u>
Fund Balances:		
Non-Spendable		
Prepaid Expenses	11,681	11,681
Restricted		
Streets	174,302	174,302
Cemetery	104,887	104,887
Public Safety	22,642	22,642
Reserve Account USDA	20,563	20,563
Stabilization by State Statute	85,421	85,421
Unassigned	666,175	666,175
Total Fund Balances	<u>1,085,671</u>	<u>1,085,671</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>1,130,810</u>	<u>1,130,810</u>

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

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

Exhibit 4

	General Fund	Total Governmental Funds
Revenues:		
Ad valorem taxes	615,244	615,244
Unrestricted intergovernmental revenues	435,021	435,021
Restricted intergovernmental revenues	157,033	157,033
Sales and services	142,227	142,227
Investment earnings	628	628
Governmental and Private Grants	150,748	150,748
	<hr/>	<hr/>
Total revenues	1,500,901	1,500,901
	<hr/>	<hr/>
Expenditures:		
General government	367,306	367,306
Public safety	657,921	657,921
Public Works	319,622	319,622
Transportation	1,957	1,957
Economic Development	22,959	22,959
Cultural and recreational	13,355	13,355
Cemetery	12,079	12,079
Debt Service		
Principal	37,256	37,256
Interest	8,729	8,729
	<hr/>	<hr/>
Total expenditures	1,441,184	1,441,184
	<hr/>	<hr/>
Revenue over (under) expenditures	59,717	59,717
Other financing sources (uses)		
Installment purchase obligations issued	60,000	60,000
	<hr/>	<hr/>
Increase (decrease) in fund balance	119,717	119,717
Fund balance, beginning of year, previously reported	965,954	965,954
	<hr/>	<hr/>
Fund balance, end of year	1,085,671	1,085,671
	<hr/> <hr/>	<hr/> <hr/>

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

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

Exhibit 4
(continued)

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

Net changes in fund balances - total governmental funds	119,717
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	223,715	
Depreciation expense for governmental activities	<u>(127,510)</u>	96,205

Contributions to the pension plan in the current fiscal year are not included in the statement of activities.	43,473
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenues	5,258
--------------------------------	-------

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.

Installment purchase obligation issued	(60,000)	
Principal payments on long-term debt	<u>37,256</u>	(22,744)

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	(10,638)	
Pension expense	(83,898)	
Net Pension Obligation (LEO)	<u>7,817</u>	

Total changes in net assets of governmental activities	<u><u>155,190</u></u>
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The notes to the financial statements are an integral part of this statement.

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

Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Ad valorem taxes	581,250	581,250	615,244	33,994
Other taxes and	192,230	-	-	-
Unrestricted intergovernmental	143,024	334,654	435,021	100,367
Restricted intergovernmental	243,650	128,500	157,033	28,533
Investment earnings	350	350	628	278
Sales and Services	132,406	141,606	142,227	621
Governmental and private grants	-	106,550	150,748	44,198
Total Revenue	1,292,910	1,292,910	1,500,901	207,991
Expenditures:				
Current:				
General government	327,225	321,521	367,306	45,785
Public safety	570,267	533,047	657,921	124,874
Public works	246,479	225,591	319,622	94,031
Transportation	-	110,000	1,957	(108,043)
Economic development	136,965	27,965	22,959	(5,006)
Cultural and recreational	43,163	43,163	13,355	(29,808)
Cemetery		18,000	12,079	(5,921)
Debt Service:				
Principal retirement	8,324	53,136	37,256	(15,880)
Interest and other charges			8,729	8,729
Total Expenditures	1,332,423	1,332,423	1,441,184	108,761
Revenue over (under) Expenditures	(39,513)	(39,513)	59,717	99,230
Other financing sources (uses):				
Installment purchase obligation issued	-	-	60,000	60,000
Fund Balance Appropriated	39,513	39,513		(39,513)
Total other financing sources (used)	39,513	39,513	60,000	20,487
Excess of Revenues and Other Sources Over (under) Expenditures and other uses	-	-	119,717	119,717
Fund balance, beginning of year			965,954	
Fund balance, end of year			1,085,671	

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

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

Exhibit 6

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 169,636	\$ 169,636
Accounts receivable (net)	69,326	69,326
Due from other governments	12,316	12,316
Restricted cash and cash equivalents	22,760	22,760
Total current assets	<u>274,038</u>	<u>274,038</u>
Non-current assets:		
Capital Assets:		
Land and other non-depreciable assets	28,360	28,360
Other capital assets, net of depreciation	7,730,264	7,730,264
Capital assets (net)	<u>7,758,624</u>	<u>7,758,624</u>
Total noncurrent assets	<u>7,758,624</u>	<u>7,758,624</u>
Total assets	<u>8,032,662</u>	<u>8,032,662</u>
Deferred outflows of resources		
Pension deferrals	26,063	26,063
Total deferred outflows of resources	<u>26,063</u>	<u>26,063</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	21,940	21,940
Notes payable - current	80,562	80,562
Liabilities payable from restricted assets:		
Customer deposits	22,060	22,060
Total current liabilities	<u>124,562</u>	<u>124,562</u>
Noncurrent liabilities:		
Net pension liability	46,836	46,836
Compensated absences	4,541	4,541
Notes payable - noncurrent	965,555	965,555
Total noncurrent liabilities	<u>1,016,932</u>	<u>1,016,932</u>
Total liabilities	<u>1,141,494</u>	<u>1,141,494</u>
Pension deferrals	157	157
Total deferred inflows of resources	<u>157</u>	<u>157</u>
Net Position		
Net investment in capital assets	6,791,736	6,791,736
Unrestricted	125,338	125,338
Total net position	<u><u>6,917,074</u></u>	<u><u>6,917,074</u></u>

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

Town of Mayodan
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2021

Exhibit 7

	Major Enterprise Fund	
	Water and Sewer Fund	Total
Operating Revenues:		
Charges for services	606,208	606,208
Water and sewer taps	2,875	2,875
Other operating revenues	19,802	19,802
Total operating revenues	628,885	628,885
Operating expenses:		
Water operations	264,634	264,634
Wastewater operations	224,961	224,961
Deprecation	283,681	283,681
Total operating expenses	773,276	773,276
Operating income (loss)	(144,391)	(144,391)
Non-operating revenues (expenses)		
Operating grant	20,150	20,150
Other non-operating revenues	114	114
Interest and other charges	(23,745)	(23,745)
Total non-operating revenues (expenses)	(3,481)	(3,481)
Income (Loss) before contributions and transfers	(147,872)	(147,872)
Capital contributions	647,107	647,107
Change in net position	499,235	499,235
Total Net Position - beginning of year	6,417,839	6,417,839
Total Net Position - end of year	6,917,074	6,917,074

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

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

Exhibit 8

	Major Enterprise Fund	
	Water and Sewer Fund	Totals
Cash flows from operating activities:		
Cash received from customers	630,637	630,637
Cash paid for goods & services	(370,693)	(370,693)
Cash paid on behalf of employees for services	(128,558)	(128,558)
Other operating revenue	19,802	19,802
Net cash provided (used) by operating activities	151,188	151,188
Cash flows from non-capital financing activities:		
Transfers from (to) other funds	18,415	18,415
Operating grants	20,150	20,150
Net cash provided (used) by noncapital financing activities	38,565	38,565
Cash flows from capital and related financing activities:		
Principal paid on long-term liabilities	(75,676)	(75,676)
Interest paid on long-term liabilities	(23,745)	(23,745)
Acquisition and construction of capital assets	(647,107)	(647,107)
Capital contributions	647,107	647,107
Net cash provided (used) by capital and related financing activities	(99,421)	(99,421)
Net increase (decrease) in cash and cash equivalents	90,332	90,332
Balances, beginning	102,064	102,064
Balance, ending	<u>\$ 192,396</u>	<u>\$ 192,396</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (Loss)	<u>(124,241)</u>	<u>(124,241)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	283,681	283,681
Operating grants	(20,150)	(20,150)
Bad debt recoveries	114	114
Change in assets, deferred outflows of resources, and liabilities:		
(Increase) decrease in accounts receivable	6,075	6,075
(Increase) decrease in due from other governments	19,477	19,477
(Increase) decrease in prepaids	546	546
(Increase) decrease in deferred outflows of resources - pensions	(6,555)	(6,555)
Increase (decrease) in net pension liability	15,758	15,758
Increase (decrease) in deferred inflows of resources - pensions	(175)	(175)
Increase (decrease) in accounts payable and accrued liabilities	(36,139)	(36,139)
Increase (decrease) in due to (from) other funds	0	0
Increase (decrease) in customer deposits	15,365	15,365
Increase (decrease) in compensated absences	(2,568)	(2,568)
Total Adjustments	275,429	275,429
Net cash provided by operating activities	<u>\$ 151,188</u>	<u>\$ 151,188</u>

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

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

Exhibit 9

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Stoneville conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the 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 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.

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

Exhibit 9

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state shared revenues. The primary expenditures are for public safety, streets, sanitation, recreation and general government services.

The Town reports the following major enterprise fund:

Water and Sewer Fund – The Town of Stoneville has one enterprise fund: the Water and Sewer Fund. For financial reporting purposes, a Water and Sewer Capital Projects Fund has been consolidated with the Water and Sewer Fund.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Exhibit 9

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 assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Exhibit 9

annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Sewer System project which is consolidated with the enterprises fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Deferred Outflows/Inflows of Revenues, 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair valued.

On June 30, 2021, the Town of Stoneville had \$3,128 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's The Town has no policy regarding credit risk.

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.

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

Exhibit 9

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. The Reserve Account funds are restricted for the payment of principal and interest on USDA loan agreement. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 134-41.4.

Town of Stoneville Restricted Cash

Governmental Activities
General Fund

Streets	176,259
Cemetery	104,887
Public Safety	22,642
Reserve Account	8,194

Total Governmental Activities	311,982
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Business-type Activities
Water and Sewer Fund

Capital Projects	700
Customer Deposits	22,060

Total Business-type Activities	22,760
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Total Restricted Cash	334,742
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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, the beginning of the fiscal year. The taxes are due on September 1; (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 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.

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

Exhibit 9

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 recorded by the government as assets when the cost is equal to or greater than \$5,000 and the asset has a useful life of two or more years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received before June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. Effective July 1, 2003 general infrastructure assets are recorded at cost or estimated historical cost. The plant and equipment in the proprietary funds of the Town are recorded at original cost at the time of acquisition. Plant assets of the Town are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	50
Infrastructure	40
Equipment	5
Furniture	10
Computer equipment	3
Vehicles	5
Heavy-duty Vehicles	20
Improvements	25

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 meet this criterion, contributions made to the pension plan, deferrals made in the 2020 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

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period and so will not be recognized as revenue until then. The Town has only 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 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 twenty-five 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 policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted

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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.

Prepaid Expenses - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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.

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Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Restricted for Cemetery – portion of fund balance that is restricted by revenue source for cemetery maintenance.

Restricted for Reserve Account – portion of fund balance that is restricted by the revenue source for a loan agreement.

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

Assigned fund balance – portion of fund balance that the Town of Stoneville 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 in restricted or committed. The governing body approves the appropriation.

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

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

12. Defined Benefit Cost-Sharing Plans

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

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the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance and Accountability

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

1. Noncompliance with North Carolina General Statutes

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government activities by \$109,761. The expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations by \$197,789. Both of these over expenditures were caused primarily by not budgeting and recording grants and loans by U.S.D.A. for capital outlay that were handled by the Town Attorney through a Trust account. 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 for the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in 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.

Town of Stoneville, North Carolina
Notes to the Financial Statements
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The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions, and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021 the Town's deposits had a carrying amount of \$1,183,267 and a bank balance of \$1,209,164. The Town's bank balances are fully covered by federal depository insurance or by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$400.00.

At June 30, 2021, the Town of Stoneville had \$4,589 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

2. 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 is net of the following for doubtful accounts:

General Fund:	
Taxes receivable	\$ 10,536
Water and Sewer Fund	<u>4,002</u>
Accounts Receivable	\$ <u>14,538</u>

Town of Stoneville, North Carolina
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3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	119,540	2,500	-	122,040
Total capital assets not being depreciated	119,540	2,500	-	122,040
Capital assets being depreciated:				
Buildings	456,177			456,177
Infrastructure	53,000			53,000
Other Improvements	200,692			200,692
Equipment and Furniture	395,302	47,286		442,588
Computer Software	4,750			4,750
Vehicles	332,236	77,374		409,610
Heavy duty vehicles	1,021,855	96,555	-	1,118,410
Total capital assets being depreciated	2,464,012	221,215	-	2,685,227
Less accumulated depreciation for:				
Buildings	285,927	9,124		295,051
Infrastructure	13,015	1,325		14,340
Other improvements	147,361	4,890		152,251
Equipment and furniture	315,107	19,234		334,341
Computer software	4,750	-		4,750
Vehicles	156,615	56,324		212,939
Heavy duty vehicles	664,604	36,613	-	701,217
Total accumulated depreciation	1,587,379	127,510	-	1,714,889
Total capital assets being depreciated, net	876,633			970,338
Governmental activity capital assets, net	996,173			1,092,378

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

	<u>June 30, 2021</u>			
General Government	12,586			
Public Safety	104,448			
Public Works	8,668			
Cultural and Recreational	1,637			
Cemetery	<u>171</u>			
Total depreciation expense	<u>127,510</u>			

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	28,360			28,360
Construction in progress	<u>927,442</u>	<u>513,107</u>	<u>1,440,549</u>	<u>-</u>
Total capital assets not being depreciated	<u>955,802</u>	<u>513,107</u>	<u>1,440,549</u>	<u>28,360</u>
Capital assets being depreciated:				
Plant and distribution systems and buildings	9,168,190	1,440,549	-	10,608,739
Furniture and equipment	460,253	242,000	-	702,253
Vehicles	10,108	-	-	10,108
Other Improvements	<u>12,986</u>	<u>-</u>	<u>-</u>	<u>12,986</u>
Total capital assets being depreciated	<u>9,651,537</u>	<u>1,682,549</u>	<u>-</u>	<u>11,334,086</u>
Less accumulated depreciation for:				
Plant and distribution systems	3,106,852	245,052	-	3,351,904
Furniture and Equipment	196,553	38,255	-	234,808
Vehicles	10,108	-	-	10,108
Other Improvements	<u>6,628</u>	<u>374</u>	<u>-</u>	<u>7,002</u>
Total accumulated depreciation	<u>3,320,141</u>	<u>283,681</u>	<u>-</u>	<u>3,603,822</u>
Total capital assets being depreciated, net	<u>6,331,396</u>			<u>7,730,264</u>
Business-type Activities Capital Assets, Net	<u>7,287,198</u>			<u>7,758,624</u>

B. Liabilities

1. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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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 Stoneville 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 Stoneville'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 Stoneville were \$52,097 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 \$278,678 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was .00777%, which was a increase of .00110% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$115,934. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	35,063	
Changes in assumptions	20,663	
Net difference between projected and actual earnings on pension plan investments	39,072	
Changes in proportion and differences between Town contributions and proportionate share of contributions	13,418	894
Town contributions subsequent to the measurement date	52,097	
Total	<u>160,363</u>	<u>894</u>

\$52,097 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	31,872
2023	39,337
2024	25,085
2025	11,563
	<u>107,857</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).

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The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

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

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

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

Town of Stoneville, North Carolina
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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 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)	563,332	277,655	40,238

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

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

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

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Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>5</u>
Total	<u>5</u>

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	1.93 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate index as of December 31, 2019.

All mortality rates are projected from 2010 using Healthy Generational Improvement with scale MP-2019.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town made \$0 in Separation Allowance payments for the year ended June 30, 2021.

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

At June 30, 2021, the Town reported a total pension liability of \$150,209. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$(7,487).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,272	89,784
Changes of assumptions	29,993	2,537
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 36,265</u>	<u>92,321</u>

The \$0 amount of paid benefits came due subsequent to the measurement date as deferred outflows of resources have been reported. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(17,603)
2023	(18,072)
2024	(22,048)
2025	(4,169)
2026	3,216
Thereafter	2,620

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

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	159,195	150,209	142,016

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

	<u>2021</u>
Beginning Balance as of December 31, 2019	115,339
Service Cost	6,026
Interest on the total pension liability	3,760
Differences between expected and actual experience in the measurement of the total pension liability	(5,124)
Changes of assumptions or other inputs	30,208
Benefit Payments	-
Ending balance of the total pension liability as of December 31, 2020	<u>150,209</u>

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

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 115,934	\$ (7,487)	\$ 108,447
Pension Liability	278,678	150,209	428,887
Proportionate share of the net pension liability	0.00777%	NA	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	35,063	6,272	41,335
Changes of assumptions	20,663	29,993	50,656
Net difference between projected and actual earnings on plan investments	39,072	-	39,072
Changes in proportion and differences between contributions and proportionate share of contributions	13,468	-	13,468
Benefit payments and administrative costs paid subsequent to the measurement date	52,097	-	52,097
	<u>160,363</u>	<u>36,265</u>	<u>196,628</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience		89,784	89,784
Changes of assumptions		2,537	2,537
Net difference between projected and actual earnings on plan investments			-
Changes in proportion and differences between contributions and proportionate share of contributions	894		894
	<u>894</u>	<u>92,321</u>	<u>93,215</u>

c. Supplemental Retirement Income Plan for Law Enforcement Officers and All Other Full-Time Employees

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 Town contributes a match up to three percent of general employees' salaries as well as four percent for law enforcement officers' salaries.

All employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$43,562 which consisted of \$19,184 from the Town and \$24,378 from the employees.

2. Other Employment Benefit

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

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

Exhibit 9

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 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.

3. Deferred Outflows and Inflows of Resources

The Town has deferred outflows and inflows of resources. Deferred outflows of resources at year end are composed of the following:

Contributions to pension plan in current fiscal year (Pension)	52,097
Benefit Payments for separation allowance	41,335
Differences between expected and actual experience	
Differences between projected and actual earnings on pension plan investments	39,072
Change in assumptions	50,656
Change in proportion and differences between Town contributions and proportionate share of contributions	13,468
	<u>196,628</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Property Tax Receivable		16,010
Differences between expected and actual experience (Separation Allowance)	89,784	
Changes in proportion and differences between Town contributions and proportionate share of contribution (Pension)	894	-
Changes of assumptions (Separation allowance)	2,537	-
	<u>93,215</u>	<u>16,010</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 three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each

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

Exhibit 9

year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town does not carry flood insurance since it is not in a flood prone area as defined by the federal emergency management agency.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

4. Long-Term Obligations

a. Installment Purchase

In January, 2014 the Town entered into a direct placement contract for the purchase of a fire truck. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires monthly payments of \$2,428 which includes interest at 3.25% through December, 2028.

Annual debt service requirements to maturity for the loan agreement are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 23,181	\$ 5,951
2023	23,945	5,186
2024	24,724	4,408
2025	25,551	3,581
2026	26,394	2,738
2027-2029	69,853	2,975
	\$ 193,649	\$ 24,839

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

Exhibit 9

b. Financing Agreement

In 2005, the Town entered into a financing agreement with the Town of Mayodan for a water-sewer project. The agreement requires annual payments of \$51,492 plus interest paid semi annually at 2.66% through May, 2024.

Annual debt service requirements to maturity for the financing agreement are as follows:

Year Ending June 30	<u>Principal</u>	<u>Interest</u>
2022	\$ 51,492	\$ 4,109
2023	51,492	2,739
2024	51,491	1,370
	<u>\$ 154,475</u>	<u>\$ 8,218</u>

c. Installment Purchase

In July 2015, the Town entered into a direct placement contract for the purchase of equipment. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires monthly payments of \$756 which includes interest at 3.625% through January, 2023.

Annual debt services requirements to maturity for the loan agreement are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,936	\$ 205
2023	706	2
	<u>\$ 9,642</u>	<u>\$ 207</u>

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

Exhibit 9

d. Installment Purchase

In July 2017, the Town entered into a direct placement contract for the purchase of equipment. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires monthly payments of \$151 which includes interest at 3.25% through June, 2022.

Annual debt services requirements to maturity for the loan agreement are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,791	\$ 21
2023	69	-
	<u>\$ 1,860</u>	<u>\$ 21</u>

e. Installment Purchase

In November 2017, the Town entered into a direct placement contract for the purchase of equipment. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires monthly payments of \$240 which includes interest at 3.25% through May, 2023.

Annual debt services requirements to maturity for the loan agreement are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,402	\$ 478
2023	2,237	643
2024	2,790	90
2025	1,858	10
	<u>\$ 9,287</u>	<u>\$ 1,221</u>

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

Exhibit 9

f. Installment Purchase

In September 2020, the Town entered into a direct placement contract for the purchase of Police Vehicle and Dump Truck. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires annual payments of \$8,280 which includes interest at 2.25% through September, 2028.

Annual debt services requirements to maturity for the loan agreement are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,930	\$ 1,350
2023	7,086	1,194
2024	7,245	1,035
2025	7,406	874
2026	7,576	705
2027-2029	23,757	1,077
	<u>\$ 60,000</u>	<u>\$ 6,235</u>

g. Installment Purchase

In September 2020, the Town entered into a direct placement contract for the purchase a Backhoe, Mini Hoe, and Sewer Camera. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires annual payments of \$8,564 which includes interest at 2.25% through September, 2035.

Annual debt services requirements to maturity for the loan agreement are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,134	\$ 2,430
2023	6,272	2,292
2024	6,413	2,151
2025	6,552	2,012
2026	6,705	1,859
2027-2032	35,852	6,968
2032-2035	40,072	2,747
	<u>\$ 108,000</u>	<u>\$ 20,459</u>

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

Exhibit 9

h. Installment Purchase

In July 2019, the Town entered into a direct placement contract for the purchase of equipment. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires monthly payments of \$523 which includes interest at 3.25% through June, 2026.

Annual debt services requirements to maturity for the loan agreement are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,340	\$ 936
2023	5,530	746
2024	5,725	551
2025	5,930	346
2026	6,140	135
2027	513	12
	<u>\$ 29,178</u>	<u>\$ 2,726</u>

i. General Obligation Indebtedness

The 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. The general obligation bonds are collateralized by the faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

In February, 2019 the Town issued a \$813,000 Water and Sewer bond, Water & Sewer, Series 2019 due on June 1, 2058 including interest at 2.25%. The agreement requires annual payments from \$13,000 to \$30,000 plus interest at 2.25%

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

Exhibit 9

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

Year Ending June 30	Principal	Interest
2022	14,000	17,415
2023	14,000	17,100
2024	14,000	16,785
2025	15,000	16,470
2026	15,000	16,133
2027-2031	80,000	75,465
2032-2036	89,000	66,082
2037-2041	99,000	55,620
2042-2046	111,000	43,943
2047-2051	124,000	30,870
2052-2056	139,000	16,245
2057-2058	60,000	2,025
	774,000	374,153

j. Changes in Long-Term Liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct placement installment purchase	271,231	60,000	37,257	293,974	39,643
Compensated absences	34,360	10,638	-	44,998	-
Total pension liability (LEO)	115,339	34,870	-	150,209	-
Net pension liability (LERS)	151,074	80,768	-	231,842	-
Governmental activities long-term liabilities	572,004	186,276	37,257	721,023	39,643
Business-Type Activities:					
Direct Placement installment purchase	20,827	108,000	11,185	117,642	15,070
Town of Mayodan	205,966		51,491	154,475	51,492
General obligation bond	787,000		13,000	774,000	14,000
Compensated absences	7,109		2,568	4,541	-
Net pension liability (LERS)	31,078	15,758	-	46,836	-
Business-type activities long-term liabilities	1,051,980	123,758	78,244	1,097,494	80,562

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

At June 30, 2021, the Town had a legal debt margin of \$5,807,508.

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

Exhibit 9

F. 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	1,085,671
Less:	
Prepaid Expenses	(11,681)
Stabilization by State Statute	(85,421)
Streets – Powell Bill	(174,302)
Cemetery	(104,887)
Public Safety	(22,642)
Reserve Account – USDA	(20,563)
Remaining Fund Balance	<u>666,175</u>

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

IV. Subsequent Events

Subsequent events have been evaluated through January 7, 2022, which is the date the financial statements were available to be issued.

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

Exhibit A-1

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Stoneville's proportion of the net pension liability (asset) (%)	0.7779%	0.1175%	0.6760%	0.7020%	0.6160%	0.6800%	0.5800%	0.2830%
Stoneville's proportion of the net pension liability (asset) (\$)	\$ 297,655	\$ 182,152	\$ 160,370	\$ 170,246	\$ 130,736	\$ 30,518	\$ (16,690)	\$ 69,912
Stoneville's covered payroll	\$ 498,806	\$ 488,473	\$ 467,977	\$ 429,516	\$ 432,837	\$ 393,648	\$ 362,140	\$ 343,191
Stoneville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.66%	37.29%	34.27%	24.96%	30.20%	7.75%	(4.61)%	20.37%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

Local Government Employees' Retirement System

Exhibit A-2

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 52,087	\$ 45,329	\$ 37,641	\$ 33,453	\$ 32,232	\$ 26,440	\$ 26,086	\$ 23,831
Contributions in relation to the contractually required contribution	<u>52,087</u>	<u>45,329</u>	<u>37,641</u>	<u>33,453</u>	<u>32,232</u>	<u>26,440</u>	<u>26,086</u>	<u>23,831</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Stoneville's covered-employee payroll	\$ 498,806	\$ 488,473	\$ 467,977	\$ 429,536	\$ 432,837	\$ 393,648	\$ 362,140	\$ 343,191
Contributions as a percentage of covered-employee payroll	10.44%	9.28%	8.04%	7.79%	7.45%	6.72%	7.20%	6.94%

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

Exhibit A-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 115,339	\$ 137,349	\$ 248,916	\$ 205,510	\$ 194,010
Service cost	6,026	4,982	6,524	6,266	8,171
Interest on the total pension liability	3,760	5,000	7,866	7,933	6,926
Changes of benefit terms	-	-	-	-	-
Differences between expected and unexpected experience in the measurement of the total pension liability	(5,124)	(34,229)	(122,244)	20,208	-
Changes of assumptions or other inputs	30,208	-	-	-	-
Benefit payments	-	2,237	(3,713)	8,999	(3,597)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 150,209</u>	<u>\$ 115,339</u>	<u>\$ 137,349</u>	<u>\$ 248,916</u>	<u>\$ 205,510</u>

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

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

Exhibit A-4

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 150,209	\$ 115,339	\$ 137,349	\$ 248,916	\$ 205,510
Covered payroll	\$ 226,138	\$ 179,865	\$ 183,013	\$ 221,233	\$ 202,799
Total pension liability as a percentage of covered payroll	66.42%	64.13%	75.05%	112.51%	101.34%

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

Town of Stoneville, North Carolina
General Fund Comparative Balance Sheets
June 30, 2021 and June 30, 2020

Exhibit B-1

	June 30, 2021	June 30, 2020
Assets		
Current Assets:		
Cash and Investments	683,878	611,051
Restricted Cash and Investments	311,982	280,844
Receivables (net)		
Taxes	16,010	10,752
Accounts Receivable	30,599	50,384
Prepaid Expenses	11,681	20,474
Due from other Governmental Units	76,660	70,055
Total Assets	<u>1,130,810</u>	<u>1,043,560</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	29,129	48,439
Due to Other Funds	-	18,415
Total liabilities	<u>29,129</u>	<u>66,854</u>
Deferred Inflows of Resources		
Property Taxes Receivable	16,010	10,752
Total Deferred Inflows of Resources	<u>16,010</u>	<u>10,752</u>
Fund Balances:		
Non-Spendable		
Prepaid Expenses	11,681	20,474
Restricted		
Streets	174,302	141,719
Cemetery	104,887	106,306
Public Safety	22,642	24,630
Reserve Account USDA	20,563	8,190
Stabilization by State Statute	85,421	102,024
Unassigned	666,175	562,611
Total Fund Balances	<u>1,085,671</u>	<u>965,954</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>1,130,810</u>	<u>1,043,560</u>

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes:				
Property	515,250	534,372	19,122	527,264
Motor Vehicles	64,000	76,187	12,187	72,743
Penalties and interest	2,000	4,685	2,685	2,893
	<u>581,250</u>	<u>615,244</u>	<u>33,994</u>	<u>602,900</u>
Unrestricted Intergovernmental Revenues:				
Local option sales taxes	192,230	270,246	78,016	227,204
Telecommunications Tax	6,344	6,622	278	7,602
Utilities Sales Tax	47,600	57,240	9,640	57,478
Video Franchise Fee	3,060	4,032	972	3,998
Sales and Use Tax Refund	10,000	-	(10,000)	9,775
Beer and wine	4,420	5,262	842	5,252
Hold Harmless	68,000	88,023	20,023	75,167
Gas Tax Refund	3,000	3,596	596	3,746
	<u>334,654</u>	<u>435,021</u>	<u>100,367</u>	<u>390,222</u>
Restricted intergovernmental Revenues:				
Powell Bill funding	37,000	34,377	(2,623)	36,800
County Fire Department Funding	91,000	93,400	2,400	109,355
Cares Act	-	28,326	28,326	-
Solid Waste Disposal Tax	500	930	430	927
	<u>128,500</u>	<u>157,033</u>	<u>28,533</u>	<u>147,082</u>

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sales and Services:				
Solid waste fees	97,106	98,563	1,457	107,633
Sale of cemetery plots	3,000	11,822	8,822	5,305
Rental Income	12,700	13,013	313	12,696
Sales and Services:	13,800	65	(13,735)	12,598
Miscellaneous	14,900	12,614	(2,286)	10,500
Sale of Surplus Equipment	100	6,150	6,050	-
	<u>141,606</u>	<u>142,227</u>	<u>621</u>	<u>148,732</u>
Investment Earnings:				
Investment earnings - General Fund	350	464	114	834
Investment earnings - Powell Bill	-	164	164	467
	<u>350</u>	<u>628</u>	<u>278</u>	<u>1,301</u>
Intergovernmental Grants:				
Grants:				
Federal Grants	-	74,000	74,000	35,160
State Grants	99,100	21,748	(77,352)	73,185
Private Grants	7,450	55,000	47,550	67,350
	<u>106,550</u>	<u>150,748</u>	<u>44,198</u>	<u>175,695</u>
Total Revenues	<u>1,292,910</u>	<u>1,500,901</u>	<u>207,991</u>	<u>1,465,932</u>

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures:				
General government:				
Governing Body:				
Salaries	8,400	8,433	(33)	8,640
FICA tax	650	593	57	585
Benefits	1,285	730	555	2,409
Retreat Expense	200	57	143	197
Dues	5,500	7,354	(1,854)	6,526
Supplies	500	1,139	(639)	1,182
Insurance	1,200	697	503	1,015
Travel, schools, conventions	2,000	123	1,877	1,624
Miscellaneous	1,500	4,128	(2,628)	2,125
	<u>21,235</u>	<u>23,254</u>	<u>(2,019)</u>	<u>24,303</u>
Administrative:				
Salaries	117,730	158,075	(40,345)	128,029
FICA tax	9,006	10,426	(1,420)	9,587
Group medical insurance	16,000	14,234	1,766	16,089
Retirement	10,913	12,970	(2,057)	10,067
Supplemental retirement	4,969	5,576	(607)	4,855
Attorney's fees	20,000	22,553	(2,553)	19,122
Dues and subs.	1,000	-	1,000	1,473
Adm. Travel	2,000	128	1,872	3,527
Office supplies and expense	2,500	2,928	(428)	2,177
Postage supplies	1,000	227	773	158
Training	3,500	403	3,097	2,392
Audit and Accounting	22,900	23,176	(276)	21,350
Workman's compensation	1,450	4,351	(2,901)	1,319
Insurance and bond	1,560	697	863	944
Gas and oil	1,500	653	847	1,710
Telephone	3,300	3,925	(625)	2,940
Computer maintenance	3,000	6,410	(3,410)	3,866
Copier Lease	2,500	2,361	139	2,132
Miscellaneous	750	366	384	433
Advertising, public notices	1,100	1,183	(83)	201
Election expense	-	-	-	4,781
Senior citizens	2,000	1,363	637	1,805
Christmas expense	500	524	(24)	275
Ordinance expense	3,000	3,252	(252)	1,012
Tax Billing	4,500	4,694	(194)	7,271
	<u>236,678</u>	<u>280,475</u>	<u>(43,797)</u>	<u>247,515</u>

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Buildings:				
Utilities	45,000	40,544	4,456	36,532
Insurance	13,608	8,006	5,602	11,805
Repairs and Maintenance	5,000	12,527	(7,527)	8,150
Capital Outlay	-	2,500	(2,500)	30,757
	<u>63,608</u>	<u>63,577</u>	<u>31</u>	<u>87,244</u>
Total General Government	<u>321,521</u>	<u>367,306</u>	<u>(45,785)</u>	<u>359,062</u>
Public Safety:				
Police Department:				
Salaries F/T and P/T	229,164	234,776	(5,612)	230,320
FICA tax	17,505	17,382	123	16,597
Medical insurance	40,000	38,147	1,853	41,608
401K retirement	10,422	10,658	(236)	10,739
Police officers' retirement	22,720	23,072	(352)	20,834
Workmans comp	11,050	8,469	2,581	10,020
Professional Services	1,800	330	1,470	414
Uniforms	1,000	1,031	(31)	1,671
Equipment repairs and maintenance	1,000	585	415	848
Schools and training	2,000	1,782	218	2,935
Police Dept. supplies	1,150	555	595	871
Miscellaneous	-	15,553	(15,553)	5,830
Vehicle maintenance	6,000	6,553	(553)	8,154
Gas and oil	18,000	18,600	(600)	18,107
PD N.C. retirement - dues & expenses	-	-	-	4,232
Telephone	5,000	8,430	(3,430)	7,668
Postage	-	-	-	138
Office supplies	-	410	(410)	299
Investigation fund	500	-	500	1,000
Liability Insurance	11,265	8,158	3,107	12,992
Computer maintenance	4,000	6,865	(2,865)	6,156
Non-capital equipment	1,000	1,778	(778)	709
Grant Expense - McMichael	-	13,835	(13,835)	-
Capital outlay:	-	-	-	-
Police vehicles	-	77,374	(77,374)	95,895
Total Police Department	<u>383,576</u>	<u>494,343</u>	<u>(110,767)</u>	<u>498,037</u>

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Fire Department:				
Salaries:	26,829	29,923	(3,094)	28,774
FICA tax	2,052	4,425	(2,373)	4,566
Workman's Comp	10,280	2,089	8,191	9,408
On behalf of payments - Firemen's Pension Fund	9,000	-	9,000	-
Telephone	1,300	1,349	(49)	2,075
FD Grant Expense - McMichael Family	-	-	-	1,671
Accident insurance	3,060	5,626	(2,566)	2,780
Vehicle maintenance	9,500	14,277	(4,777)	9,183
Gas and oil	3,500	2,381	1,119	2,651
Uniforms	4,000	2,972	1,028	1,366
Drills & fire calls	29,700	26,372	3,328	25,502
Schools training and certification	2,200	1,371	829	2,537
Miscellaneous	-	3,748	(3,748)	8,763
Dues: N. C. Pension	2,000	1,135	865	1,520
Equipment repairs and maintenance	3,500	3,902	(402)	8,743
Departmental supplies	2,500	1,426	1,074	1,294
Liability Insurance	13,300	14,136	(836)	12,408
Computer Maintenance	2,000	525	1,475	2,405
Office supplies	750	635	115	453
Capital outlay:				
Equipment-Fire fighting	24,000	47,286	(23,286)	60,097
Total Fire Department	149,471	163,578	(14,107)	186,196
Total Public Safety	533,047	657,921	(124,874)	684,233

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Works:				
Salaries	71,839	74,304	(2,465)	60,999
FICA tax	5,496	5,560	(64)	5,667
Medical insurance	14,000	13,911	89	14,602
Workman's Compensation	1,025	2,655	(1,630)	928
Retirement	7,256	7,431	(175)	6,694
Supplemental retirement	2,155	2,170	(15)	2,185
Solid Waste Collection	84,800	92,048	(7,248)	89,451
Equipment maintenance and supplies	1,750	844	906	5,953
Paving & street maintenance	20,000	2,638	17,362	7,129
Computer maintenance	-	180	(180)	12
Liability Insurance	6,270	4,816	1,454	5,666
Vehicle maintenance	1,500	1,586	(86)	1,721
Gas and oil	6,000	6,434	(434)	2,001
Miscellaneous	-	2,872	(2,872)	240
Uniforms	500	680	(180)	500
Public works telephone	750	621	129	501
Departmental supplies	400	839	(439)	933
Office Supplies	350	290	60	298
P.W. Internet	500	343	157	401
Nuisance Abatement	1,000	-	1,000	3,630
Truck Tags	-	2,845	(2,845)	-
Capital Outlay:				
Dump Truck	-	91,251	(91,251)	
Trailer	-	5,304	(5,304)	
Total Public Works	225,591	319,622	(94,031)	209,511
Powell Bill:				
Street Maintenance and Repairs	-	1,957	(1,957)	12,133
Public Transportation	110,000	-	110,000	61,524

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Economic Development:				
Zoning	1,000	-	1,000	234
Small Town Main Street	1,500	5,085	(3,585)	5,267
Dues and Subscriptions	1,000	1,000	-	1,000
Façade Program	2,500	-	2,500	-
Economic Incentives	21,965	16,874	5,091	-
Total Economic Development	27,965	22,959	5,006	6,501
Cultural and recreational:				
Recreation:				
Salaries	18,400	4,901	13,499	19,122
FICA tax	1,795	375	1,420	1,689
Workman's Comp	1,800	865	935	1,727
Liability Insurance	4,168	2,785	1,383	3,778
Park maintenance	5,000	3,341	1,659	11,023
Christmas Parade	750	690	60	1,265
Basketball Program	7,500	-	7,500	5,990
Cheerleading	750	-	750	265
Volleyball Program	500	-	500	106
Gas and Oil	-	-	-	-
Pickle Ball	500	-	500	81
Get Fit Program	-	-	-	106
Canteen concessions	1,500	-	1,500	1,185
Office Supplies	250	42	208	2,178
Baseball/Softball Expense	-	356	(356)	83
Recreation Fundraiser	250	-	250	-
Total cultural and recreational	43,163	13,355	29,808	48,598
Cemetery:				
Current Expenditure	18,000	12,079	5,921	9,957
Debt Service:				
Police Vehicles:				
Principal	-	12,283	-	23,457
Interest	-	1,691	-	1,666
Total Budget for Police Vehicles	15,455	13,974	1,481	25,123

Town of Stoneville, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2020)

Exhibit B-2

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Fire Department:				
Principal		22,440		21,704
Interest		6,691		7,427
Total for Fire Department	29,132	29,131	1	29,131
Public Works:				
Principal		2,533		8,550
Interest		347		429
Total for Public Works Department	8,549	2,880	5,669	8,979
Total Debt Service	53,136	45,985	7,151	63,233
Total Expenditures	1,332,423	1,441,184	(108,761)	1,454,752
Revenue over (under) Expenditures	(39,513)	59,717	99,230	11,180
Other financing sources (uses):				
Investment purchases obligations issued		60,000	60,000	38,900
Operating transfers-in (out):			-	-
Transfer from Capital Projects Fund - Matthews Street			-	24,000
Fund Balance Appropriation	39,000		(39,000)	-
Powell Bill Fund Balance Appropriation	513		(513)	-
Total Other financing Sources(Uses)	39,513	60,000	20,487	62,900
Revenues and Financing Sources Over (Under) Expenditures and Other Financing uses	-	119,717	119,717	74,080
Fund balances:				
Beginning of year		965,954		891,874
End of year, June 30		1,085,671		965,954

Town of Stoneville, North Carolina
Water and Sewer Fund
Statement of Fund Net Position
June 30, 2021
(With Comparative Totals For June 30, 2020)

Exhibit C-1

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 169,636	\$ 94,669
Accounts receivable (net)	69,326	75,401
Due from other governments	12,316	31,793
Due from other funds	-	18,415
Prepaid items	-	546
Restricted cash and cash equivalents	22,760	7,395
Total current assets	<u>274,038</u>	<u>228,219</u>
Non-current assets:		
Capital Assets:		
Land and other non-depreciable assets	28,360	955,802
Other capital assets, net of depreciation	7,730,264	6,331,396
Capital assets (net)	<u>7,758,624</u>	<u>7,287,198</u>
Total noncurrent assets	<u>7,758,624</u>	<u>7,287,198</u>
Total assets	<u>8,032,662</u>	<u>7,515,417</u>
Deferred outflows of resources		
Pension deferrals	26,063	19,508
Total deferred outflows of resources	<u>26,063</u>	<u>19,508</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	21,940	58,079
Notes payable - current	80,562	75,676
Liabilities payable from restricted assets:		
Customer deposits	22,060	6,695
Total current liabilities	<u>124,562</u>	<u>140,450</u>
Noncurrent liabilities:		
Net pension liability	46,836	31,078
Compensated absences	4,541	7,109
Notes payable - noncurrent	965,555	938,117
Total noncurrent liabilities	<u>1,016,932</u>	<u>976,304</u>
Total liabilities	<u>1,141,494</u>	<u>1,116,754</u>
Deferred inflows of resources		
Pension deferrals	157	332
Total deferred inflows of resources	<u>157</u>	<u>332</u>
Net Position		
Net investment in capital assets	6,791,736	6,353,334
Unrestricted	125,338	64,505
Total net position	<u>6,917,074</u>	<u>6,417,839</u>

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

Town of Stoneville, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2021 and 2020

Exhibit C-2

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Water and sewer service charges	606,208	600,065
Water and sewer taps	2,875	2,050
Other operating revenues	19,802	56,732
Operating grant	20,150	11,650
Total revenues	<u>649,035</u>	<u>670,497</u>
Operating expenses:		
Water Operations:		
Salaries	37,855	39,300
FICA tax	3,035	2,980
Retirement	8,164	6,813
Supplemental retirement	1,171	1,075
Insurance - medical	8,943	10,110
Workmen's Compensation	1,130	1,795
Water tests	5,798	4,727
Water purchases	105,932	114,457
Insurance - liability	5,334	5,666
Water system maintenance	13,861	36,764
Equipment maintenance - Water Department	170	1,058
Vehicle maintenance	339	1,331
Telephone	2,301	2,111
Meters	7,103	5,935
Gas and Oil	-	1,757
Computer supplies and software	3,781	1,750
Postage	3,954	3,495
Electricity	7,056	6,735
Miscellaneous - Water dept.	101	512
Water - Training	445	805
Water dues	1,610	1,205
Office supplies	2,153	1,889
Tank maintenance	21,513	21,475
NC DEQ - asset inventory assessment	21,500	-
Water - USDA expense	1,385	-
	<u>264,634</u>	<u>273,745</u>

Town of Stoneville, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2021 and 2020

Exhibit C-2

	<u>2021</u>	<u>2020</u>
Waste Water Operations:		
Salaries	46,124	58,492
FICA tax	3,520	3,558
Retirement fund	9,488	8,019
Supplemental retirement	1,345	1,267
Insurance - medical	8,943	8,665
WWT sewer usage	97,278	103,072
Supplies	795	282
Telephone	2,323	1,885
Electricity	13,388	19,160
Training	209	356
Sewer System Maintenance	21,980	9,891
Pump Repair	3,801	21,346
Equipment Maintenance	2,791	24,835
Vehicle Maintenance	250	-
Gas and Oil	-	1,730
Diesel fuel	1,500	504
Office supplies	266	196
Liability Insurance	5,334	5,666
Uniforms	565	995
Dues and subscriptions	405	910
NC DEQ - asset inventory assessment	-	11,650
CDBG expense	1,465	1,413
Workmen's Compensation	1,442	1,795
Miscellaneous	130	100
USDA expense	1,619	-
	<u>224,961</u>	<u>285,787</u>
 Total operating expenses other than depreciation	 <u>489,595</u>	 <u>559,532</u>

Town of Stoneville, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2021 and 2020

Exhibit C-2

	<u>2021</u>	<u>2020</u>
Depreciation	<u>283,681</u>	<u>223,669</u>
Total operating expenses	<u>773,276</u>	<u>783,201</u>
Net operating income (loss)	<u>(124,241)</u>	<u>(112,704)</u>
Non operating expenses:		
Bad debts (recovered)	114	-
Interest on long term debt, Including fiscal agents' fees	<u>(23,745)</u>	<u>(26,736)</u>
Net Income (loss) before contributions and transfers	(147,872)	(139,440)
Capital contributions	647,107	882,464
Transfers to other funds	<u>-</u>	<u>(24,000)</u>
Change in net position	499,235	719,024
Net Positions - beginning of year	<u>6,417,839</u>	<u>5,698,815</u>
Net Positions - end of year	<u><u>6,917,074</u></u>	<u><u>6,417,839</u></u>

Town of Stoneville, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021 and 2020

Exhibit C-3

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	630,637	600,065
Cash paid for goods & services	(370,693)	(413,992)
Cash paid on behalf of employees for services	(128,558)	(137,659)
Other operating revenue	<u>19,802</u>	<u>58,782</u>
Net cash provided (used) by operating activities	<u>151,188</u>	<u>107,196</u>
Cash flows from non-capital financing activities:		
Transfers from (to) other funds	18,415	(24,000)
Operating grants	<u>20,150</u>	<u>11,650</u>
Net cash provided (used) by noncapital financing activities	<u>38,565</u>	<u>(12,350)</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term liabilities	(75,676)	(83,195)
Interest paid on long-term liabilities	(23,745)	(26,736)
Acquisition and construction of capital assets	(647,107)	(966,302)
Capital contributions	<u>647,107</u>	<u>882,464</u>
Net cash provided (used) by capital and related financing	<u>(99,421)</u>	<u>(193,769)</u>
Net increase (decrease) in cash and cash equivalents	90,332	(98,923)
Balances, beginning	<u>102,064</u>	<u>200,987</u>
Balance, ending	<u><u>\$ 192,396</u></u>	<u><u>\$ 102,064</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (Loss)	<u>(124,241)</u>	<u>(112,704)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	283,681	223,669
Operating grants	(20,150)	(11,650)
Bad debt recoveries	114	0
Change in assets, deferred outflows of resources, and liabilities:		
(Increase) decrease in accounts receivable	6,075	8,774
(Increase) decrease in due from other governments	19,477	281,121
(Increase) decrease in prepaids	546	4,021
(Increase) decrease in deferred outflows of resources - pen	(6,555)	4,368
Increase (decrease) in net pension liability	15,758	3,087
Increase (decrease) in deferred inflows of resources - pen	(175)	(356)
Increase (decrease) in accounts payable and accrued liabi	(36,139)	(265,515)
Increase (decrease) in due to (from) other funds	0	(26,729)
Increase (decrease) in customer deposits	15,365	0
Increase (decrease) in compensated absences	<u>(2,568)</u>	<u>(890)</u>
Total Adjustments	<u>275,429</u>	<u>219,900</u>
Net cash provided by operating activities	<u><u>\$ 151,188</u></u>	<u><u>\$ 107,196</u></u>

Town of Stoneville, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2021
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2020)

Exhibit C-4

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating revenue:				
Water and sewer service charges	569,357	606,208	36,851	600,065
Water & sewer tap	1,250	2,875	1,625	2,050
Other operating revenues	25,950	19,802	(6,148)	56,732
Operating grant	-	20,150	20,150	11,650
Total revenues	<u>596,557</u>	<u>649,035</u>	<u>52,478</u>	<u>670,497</u>
Operating expenses:				
Water Operations:				
Salaries	38,531	39,330	(799)	39,300
FICA tax	2,946	3,035	(89)	2,980
Retirement	3,866	4,017	(151)	3,997
Supplemental retirement	1,155	1,171	(16)	1,075
Insurance - medical	9,000	8,943	57	10,110
Workmen's compensation	1,800	1,130	670	1,795
Water tests	8,000	5,798	2,202	4,727
Water purchases	113,000	105,932	7,068	114,457
Insurance - liability	6,100	5,334	766	5,666
Water system maintenance	15,000	13,861	1,139	36,764
Equipment maintenance - Water Department	2,500	170	2,330	1,058
Vehicle Maintenance	1,000	339	661	1,331
Telephone	1,100	2,301	(1,201)	2,111
Meters	7,200	7,103	97	5,935
Gas and Oil	-	-	-	1,757
Computer supplies and software	3,000	3,781	(781)	1,750
Postage	4,000	3,954	46	3,495
Electricity	8,000	7,056	944	6,735
Miscellaneous - Water dept.	-	101	(101)	512
Water - Training	1,000	445	555	805
Water dues	2,000	1,610	390	1,205
Office supplies	2,000	2,153	(153)	1,889
Tank maintenance	-	21,513	(21,513)	21,475
NC DEQ - asset inventory assessment	24,000	21,500	2,500	-
Water - USDA expense	4,322	1,385	2,937	-
	<u>259,520</u>	<u>261,962</u>	<u>(2,442)</u>	<u>270,929</u>

Town of Stoneville, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2021
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2020)

Exhibit C-4

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Waste Water Operations:				
Salaries	49,148	47,217	1,931	58,492
FICA Tax	3,760	3,520	240	3,558
Retirement Fund	4,964	4,607	357	4,626
Supplemental retirement	1,474	1,345	129	1,267
Insurance - medical	9,000	8,943	57	8,665
WWWT sewer usage	120,000	97,278	22,722	103,072
Supplies	1,000	795	205	282
Telephone	1,800	2,323	(523)	1,885
Electricity	22,000	13,388	8,612	19,160
Training	500	209	291	356
Sewer System Maintenance	13,000	21,980	(8,980)	9,891
Pump Repair	19,000	3,801	15,199	21,346
Equipment Maintenance	2,250	2,791	(541)	24,835
Vehicle Maintenance	750	250	500	-
Gas and Oil	-	-	-	1,730
Diesel fuel	2,500	1,500	1,000	504
Office supplies	500	266	234	196
Liability Insurance	6,100	5,334	766	5,666
Uniforms	1,500	565	935	995
Dues and subscriptions	1,000	405	595	910
NC DEQ - asset inventory assessment	-	-	-	11,650
CDBG expense	-	1,465	(1,465)	1,413
Workmen's Compensation	1,800	1,442	358	1,795
Miscellaneous	-	130	(130)	100
USDA expense	4,322	1,619	2,703	-
Professional Services	100	-	100	-
Travel	500	-	500	-
	<u>266,968</u>	<u>221,173</u>	<u>45,795</u>	<u>282,394</u>
Debt Service:				
Interest and other charges	23,188	23,745	(557)	26,736
Principal retirement	77,100	75,685	1,415	83,195
	<u>100,288</u>	<u>99,430</u>	<u>858</u>	<u>109,931</u>
Capital Outlay:				
Total Capital outlay	-	242,000	(242,000)	83,837
Total expenditures:	<u>626,776</u>	<u>824,565</u>	<u>(197,789)</u>	<u>747,091</u>
Revenues Over (Under) Expenditures	(30,219)	(175,530)	(145,311)	(76,594)
Other Financial to General Fund	-	-	-	-
Transfer to General Fund	-	-	-	(24,000)
Fund Balance Appropriated	<u>30,219</u>	<u>-</u>	<u>(30,219)</u>	<u>-</u>
	<u>-</u>	<u>(175,530)</u>	<u>(175,530)</u>	<u>(100,594)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over (under) expenditures and other uses		<u>(175,530)</u>		<u>(100,594)</u>
Reconciling items:				
Principal retirement		75,685		83,195
Capital Outlay		242,000		83,837
Bad Debt recoveries		114		-
Decrease (increases) in accrued absences		2,568		890
Decrease (increases) in deferred outflows of resources - pensions		6,555		(4,368)
Increase in net position liability		(15,758)		(3,087)
Decrease in deferred inflows of resources - pensions		175		356
Depreciation		(283,681)		(223,669)
Capital contributions		647,107		882,464
Total reconciling items		<u>674,765</u>		<u>819,618</u>
Change in net position		<u>499,235</u>		<u>719,024</u>

Town of Stoneville, North Carolina
Capital Projects Fund - CDBG Infrastructure Project
Statement of Revenues and Expenditures - Budget and Actual (Non GAAP)
For the Year ended June 30, 2021

Exhibit D-1

	Project	Actual		Total To	Variance Positive
	Authorization	Prior	Current	Date	(Negative)
	Year	Year			
Revenues:					
Restricted intergovernmental:					
Sewer Improvements	1,198,500	841,942	485,237	1,327,179	(128,679)
Adiministration	101,500	85,500	18,500	104,000	(2,500)
Total revenues	<u>1,300,000</u>	<u>927,442</u>	<u>503,737</u>	<u>1,431,179</u>	<u>(131,179)</u>
Expenditures:					
Capital outlay	<u>1,300,000</u>	<u>927,442</u>	<u>503,737</u>	<u>1,431,179</u>	<u>(131,179)</u>
Total expenditures	<u>1,300,000</u>	<u>927,442</u>	<u>503,737</u>	<u>1,431,179</u>	<u>(131,179)</u>
Other financing sources (uses)					
Transfers from (to) other funds					
General fund					
Water and Sewer Fund	-				
Total other financing sources (uses)	<u>-</u>				
Revenues and other sources	<u>-</u>				
over (under) expenditures	<u>-</u>				

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

Exhibit E-1

<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		616,477	606,259	10,218
2019-2020	6,168	-	2,880	3,288
2018-2019	3,677	-	533	3,144
2017-2018	3,204	-	559	2,645
2016-2017	2,384	-	-	2,384
2015-2016	1,875	-	-	1,875
2014-2015	866	-	53	813
2013-2014	717	-	34	683
2012-2013	1,229	-	458	771
2011-2012	758	-	34	724
2010-2011	947	-	947	-
	<u>21,825</u>	<u>616,477</u>	<u>611,757</u>	<u>26,545</u>

Less allowance for uncollectible accounts:

General Fund

8,989

\$ 17,556

Reconciliation with Revenues:

Ad Valorem Taxes - General Fund

\$ 615,244

Reconciling items:

Interest Collected

(4,685)

Adjustments

251

Taxes Written Off

947

(3,487)

\$ 611,757

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

Exhibit E-2

	Town - Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxes at Current Rate	89,245,797	0.69	615,796.00	539,609.00	76,187.00
Discoveries - current and prior years	122,319	0.69	844.00	844.00	-
Releases	(23,623)	.069	(163.00)	(163.00)	-
Total property valuation	<u>89,344,493</u>				
Net Levy			616,477.00	540,290.00	76,187.00
Uncollected Taxes at June 30, 2020			<u>(10,218.00)</u>	<u>(10,218.00)</u>	<u>-</u>
Current Year's Taxes Collected			<u>606,259.00</u>	<u>530,072.00</u>	<u>76,187.00</u>
Current Levy Collection Percentage			<u>98.34%</u>	<u>98.11%</u>	<u>100.00%</u>

Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA
Judy G. Rouse, CPA
Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

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

To the Honorable Mayor and
Members of the Town Council
Town of Stoneville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stoneville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprises the Town of Stoneville's basic financial statements, and have issued our report thereon dated January 7, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify three deficiencies in internal control, described in the accompanying schedule of findings and questioned cost that we consider to be material weaknesses. [2021-001, 2021-002 and 2021-003]

Compliance and Other Matters

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

Town of Stoneville's Response to Findings

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

Purpose of this Report

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



Rouse, Rouse, Rouse & Gardner, LLP
Certified Public Accountants
Eden, North Carolina

January 7, 2022

Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA
Judy G. Rouse, CPA
Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Stoneville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Stoneville, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Stoneville's major federal programs for the year ended June 30, 2021. The Town of Stoneville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Stoneville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Stoneville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Stoneville's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Stoneville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The Town of Stoneville's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Town of Stoneville's response was not subjected to the auditing procedures applied in the audit of compliance with and, accordingly, we express no opinion on the response.

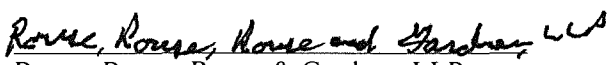
Report on Internal Control Over Compliance

Management of the Town of Stoneville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Stoneville's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-002 that we consider to be a material weakness.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Rouse, Rouse, Rouse & Gardner, LLP
January 7, 2022

TOWN OF STONEVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ending June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to subrecipients	Local Expenditures
Federal Grants:						
Cash Programs:						
<u>US Dept of Housing and Urban Development</u>						
Passed-through NC Dept of Environmental Quality:						
Community Development Block Grant, Infrastructure Fund	14.228	2017/ 17-I-2970	\$ 513,187			
<u>US Department of Agriculture</u>						
Pass-through NC Department of Agriculture - Rural Development						
Water & Wast Disposal Systems for Rural Communities - Loans	10.760	RD Grant 08	\$ 991,938			
Community Facilities Loan/Grant Program - Grant	10.760		\$ 134,000			\$ 13,719
Community Facilities Loan/Grant Program -Grant	10.760		\$ 74,000			\$ 7,046
<u>US Department of State Treasury</u>						
North Carolina Pandemic Recovery Office						
Pass-through Rockingham County						
Coronavirus Relief Fund	21.019		\$ 28,326			
Total assistance - federal programs			\$ 1,741,451	\$ -	\$ -	\$ 20,765
State Grants:						
Cash Assistance:						
<u>NC Department of Transportation:</u>						
Powell Bill		38570		\$ 1,957		
<u>NC Department of Insurance</u>						
State Fire Protection		G.S. 58-85A-1		\$ 21,748		
NC DEQ		H-AIA-D-20-0184		\$ 20,150		1,350
Total assistance - State programs			\$ -	\$ 43,855	\$ -	\$ 1,350
Total assistance			\$ 1,741,451	\$ 43,855	\$ -	\$ 22,115

TOWN OF STONEVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ending June 30, 2021

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Stoneville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Town of Stoneville, it is not intended to and does not present the financial position, changes in net position or cash flows of Town of Stoneville.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Town of Stoneville has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Loans Outstanding

The Town of Stoneville had the following loan balances outstanding at June 30, 2021 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2021 consist of:

<u>Program Title</u>	<u>CFDA No.</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Water and Waste Disposal Systems for Rural Communities	10.760	-	\$ 991,938

Town of Stoneville, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance to GAAP: unmodified.

Internal control over financial reporting:

- Material weakness identified? X yes no
- Significant deficiencies yes X none reported
- Noncompliance material to financial
statement noted yes X no

Federal Awards

- Material weakness identified? X yes no
- Significant deficiencies yes X none reported

Type of auditor's report issued on compliance for major federal programs:
Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

CFDA No(s).	Names of Federal Program or Cluster
10.760	U.S. Department of Agriculture passed though N.C. Department of Agriculture Water and Waste Disposal systems for rural community

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? yes X no

TOWN OF STONEVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section II Financial Statement Findings

MATERIAL WEAKNESS

2021 – 001 Prior Year Auditors Adjusting Entries

Criteria: The beginning balances in the General Ledger should agree with the prior year audited financial statements.

Condition: Auditors adjusting entries for the previous year <6-30-2020> were not recorded in the General Ledger.

Effect: Interim financial reports may be misleading. The current year audit cannot effectively begin until beginning balances are corrected.

Cause: The Finance Officer did not receive the auditors' adjustments for the year ended June 30, 2020.

Recommendation: This year's adjusting entries should be posted to the General Ledger by the Finance Officer immediately upon receiving them from the auditor.

View of responsible officials and planned corrective actions: The Town agrees with this finding. The adjusting journal entries will be posted to the General Ledger immediately after receiving them from the auditor.

TOWN OF STONEVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section II Financial Statement Findings

MATERIAL WEAKNESS

2021 – 002 Failure to Record Material Grants, Notes and Capital Expenditures

Criteria: All transactions including those in which the Town Attorney serves as Trustee should be properly recorded in the General Ledger of the Town of Stoneville.

Condition: On September 23, 2020, the USDA made two loans and two grants totaling \$376,000 to the Town of Stoneville for Capital Outlay Expenditures. On both transactions the Town Attorney served as Trustee. The Town Attorney received the funds from the USDA and paid the invoices directly to the vendors for the capital outlay items. The Town Attorney serving as Trustee, prepared a settlement statement that was signed by both the Mayor pro term and by the Finance Officer. However, neither the capital outlay nor the grants and loans were recorded in the General Ledger of the Town of Stoneville.

Effect: Failure to properly record capital assets, and grants and loans on the General Ledger could possibly lead to a material misstatement on the financial statements.

Cause: The Finance Officer did not retain a copy of the settlement statements and did not properly record the acquisition of capital assets and loans payable to and grants received from the USDA.

Recommendation: We recommend that all transactions including those in which the Town Attorney served as Trustee be immediately recorded in the General Ledger when the Town receives the settlement statement from the Attorney-trustee.

View of responsible officials and planned corrective actions: We concur with this finding. In the future, the Finance Officer will immediately record all transactions in the General Ledger upon receipt of the settlement statement.

TOWN OF STONEVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2021

Section II Financial Statement Findings

MATERIAL WEAKNESS

2021 – 003 Excess of Expenditures over authorized appropriations:

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation.

Condition: The Town of Stoneville expenditures in the General Fund exceeded authorized appropriations by \$108,761. The Town of Stoneville expenditures in the Water and Sewer Fund exceeded authorized appropriations by \$197,789.

Effect: Money was spent that had not been obligated and appropriated.

Cause: The Town received on September 23, 2020, both a grant and a loan from the USDA for both General Fund and Water and Sewer Fund Capital Outlay expenditures. The Town Attorney served as a Trustee for these transactions. These transactions were not properly budgeted or recorded in the General Ledger.

Recommendation: Before an obligation is to increase that will exceed the amount that was previously approved in the Budget Ordinance, an amendment to the budget should be adopted.

View of responsible officials and planned corrective actions: The Town agrees with this finding. Budget Amendments will be adopted prior to making expenditures that exceed budgeted amounts.



TOWN OF STONEVILLE

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TOWN OF STONEVILLE, NORTH CAROLINA SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Fiscal Year Ended June 30, 2021

Section II Financial Statement Findings

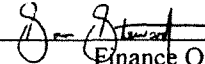
MATERIAL WEAKNESS

2021 – 001 Prior Year Auditors Adjusting Entries

Name of contact person: Samuel Stewart, Finance Officer

Corrective action: The adjusting journal entries will be posted to the General Ledger.

Proposed implementation date: This will be implemented immediately after receiving them from the auditor.


Finance Officer

MATERIAL WEAKNESS

2021 – 002 Failure to Record Material Grants, Notes and Capital Expenditures

Name of contact person: Samuel Stewart, Finance Officer

Corrective action: The Finance Officer will record all transactions in the General Ledger upon receipt of the Settlement Statement.

Proposed implementation date: Immediately upon receipt of future settlement statements.


Finance Officer

MATERIAL WEAKNESS

2021 – 003 Excess of Expenditures over authorized appropriations:

Name of contact person: Kathy Stanley-Galvan, Mayor

Corrective action: Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts.

Proposed implementation date: This procedure will be implemented immediately.


Mayor

Section III. Federal Award Findings and Questioned Costs

Item 2021-002 is also a Federal Award finding.

Section IV. State Award Findings and Questioned Costs

None reported

Town of Stoneville, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year ended June 30, 2021

Finding: None reported.