

TOWN OF BLADENBORO, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2020

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BOARD OF TOWN COUNCIL

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John Bowen - Commissioner

Greg Sykes – Commissioner

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TOWN CLERK/FINANCE OFFICER

Melanie Hester

TAX COLLECTOR

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ATTORNEY

Maynard Law Firm

TOWN OF BLADENBORO, NORTH CAROLINA
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Financial Section



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Alan W. Thompson, CPA

Independent Auditor's Report

To the Honorable Mayor
and Members of the Town Council
Bladenboro, 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 Bladenboro, North Carolina, as of and for the year ended June 30, 2020, 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 Bladenboro, North Carolina as of June 30, 2020, 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 3 through 10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset/(Liability) and Contributions on pages 43 and 44, 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 45 and 46 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 Bladenboro, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules and 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 Awards 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 the Schedule of Expenditures of Federal and State Awards 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, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021 on our consideration of Town of Bladenboro'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 Bladenboro's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

January 28, 2021

Town of Bladenboro
Management's Discussion and Analysis

As management of the Town of Bladenboro, we offer readers of the Town of Bladenboro's financial statements this narrative overview and analysis of the financial activities of the Town of Bladenboro for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

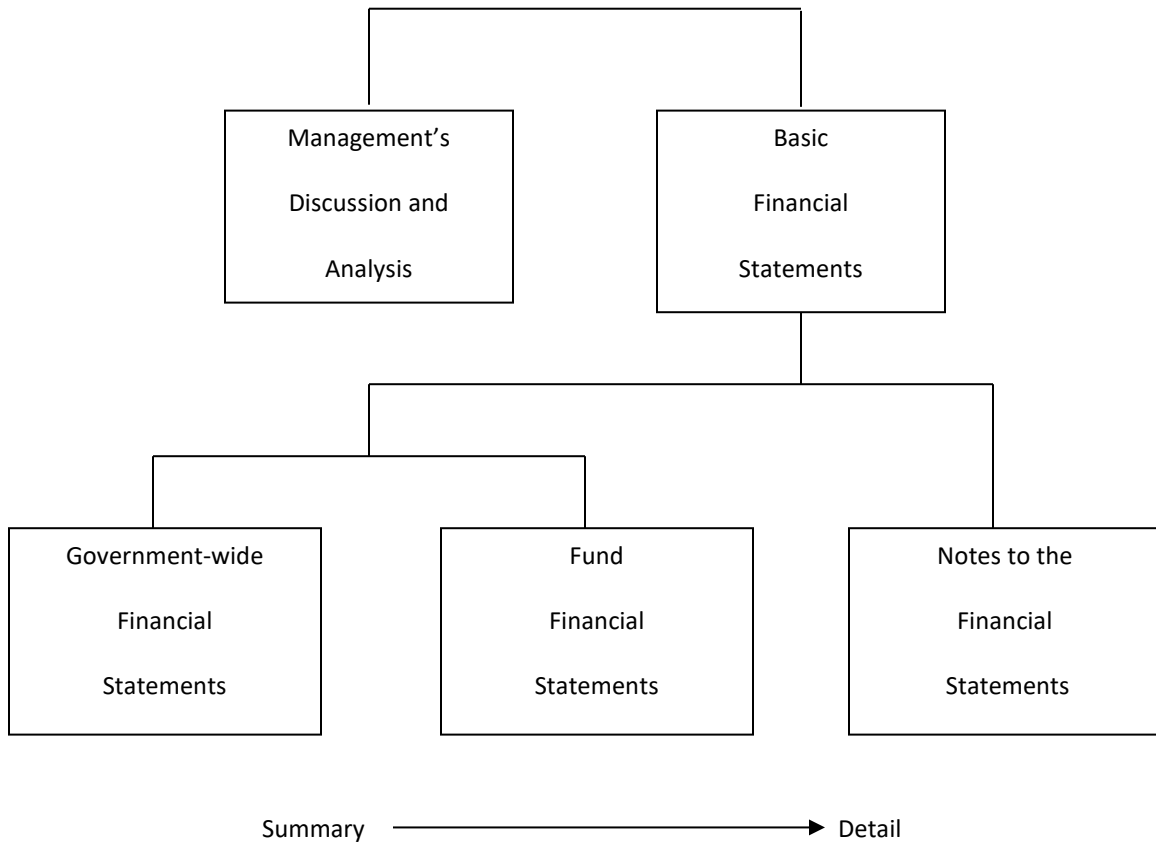
- The assets and deferred outflows of resources of the Town of Bladenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,586,100 (net position).
- The government's total net position increased by \$547,729 primarily due to the decrease in the business type activity net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,251,574 an increase of \$428,250. Approximately 19 percent of this total amount or \$234,199 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$589,457, or 49 percent of the total general fund expenditures for the fiscal year.
- The Town of Bladenboro's total debt increased by \$59,108 during the current fiscal year. The key factor in this change was newly issued installment purchase debt exceeding scheduled debt payments.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, sanitation and general administration. Property taxes 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 Bladenboro.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Bladenboro, 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 Bladenboro 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 of Bladenboro's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21-42 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 Bladenboro’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 43 of this report

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

Town of Bladenboro’s Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,454,173	\$ 1,025,980	\$ 765,882	\$ 462,846	\$ 2,220,055	\$ 1,488,826
Capital assets	3,198,313	3,087,053	6,806,259	6,982,041	10,004,572	10,069,094
Total assets	<u>4,652,486</u>	<u>4,113,033</u>	<u>7,572,141</u>	<u>7,444,887</u>	<u>12,224,627</u>	<u>11,557,920</u>
Deferred outflows of resources	<u>242,870</u>	<u>143,718</u>	<u>34,989</u>	<u>47,564</u>	<u>277,859</u>	<u>191,282</u>
Current and other liabilities	88,075	130,603	129,182	111,993	217,257	242,596
Long-term liabilities						
Due within one year	78,029	65,880	8,770	8,215	86,799	74,095
Due in more than one year	1,532,446	1,304,854	67,529	68,305	1,599,975	1,373,159
Total liabilities	<u>1,698,550</u>	<u>1,501,337</u>	<u>205,481</u>	<u>188,513</u>	<u>1,904,031</u>	<u>1,689,850</u>
Deferred inflows of resources	<u>10,908</u>	<u>17,542</u>	<u>1,447</u>	<u>3,439</u>	<u>12,355</u>	<u>20,981</u>
Net Position						
Net investment in capital	2,005,907	1,953,755	6,806,259	6,982,041	8,812,166	8,935,796
Restricted	234,199	191,288	-	-	234,199	191,288
Unrestricted	945,792	592,829	593,943	318,458	1,539,735	911,287
Total net position	<u>\$ 3,185,898</u>	<u>\$ 2,737,872</u>	<u>\$ 7,400,202</u>	<u>\$ 7,300,499</u>	<u>\$ 10,586,100</u>	<u>\$ 10,038,371</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of resources of the Town of Bladenboro exceeded liabilities and deferred inflows by \$10,586,100 as of June 30, 2020. The Town's net position increased by \$547,729 for the fiscal year ended June 30, 2020. However, the largest portion \$8,812,166 (83%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Bladenboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the

outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$234,199 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,539,735 (15%) is unrestricted.

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

- A tax collection percentage of 89.40%, which is less than the statewide average of 98.00%.
- Town received a \$500,000 grant which was used to supplement operating expenses and debt service payments during the year.
- Growth in the water and sewer fund.

Town of Bladenboro's Changes in Net Position
Figure 3

	Governmental Funds		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 287,353	\$ 292,975	\$ 676,021	\$ 549,512	\$ 963,374	\$ 842,487
Operating Grants & Contributions	521,288	62,868	-	-	521,288	62,868
Capital Grants & Contributions	-	85,224	148,340	74,992	148,340	160,216
General Revenue						
Property Taxes	571,864	592,104	-	-	571,864	592,104
Other Taxes	5,892	6,130	-	-	5,892	6,130
Grants and contributions not restricted to specific programs	329,427	324,571	-	-	329,427	324,571
Investment Earnings	3,118	1,553	967	938	4,085	2,491
Other	72,708	220,453	5,840	5,840	78,548	226,293
Total Revenues	1,791,650	1,585,878	831,168	631,282	2,622,818	2,217,160
Expenses						
General Government	280,067	336,674	-	-	280,067	336,674
Public Safety	497,435	554,443	-	-	497,435	554,443
Transportation	390,496	276,571	-	-	390,496	276,571
Environmental Protection	120,302	117,418	-	-	120,302	117,418
Cultural and Recreation	26,825	27,379	-	-	26,825	27,379
Interest on Long-Term Debt	28,099	39,757	-	-	28,099	39,757
Water and Sewer Fund	-	-	731,465	829,855	731,465	829,855
Total Expenses	1,343,624	1,352,242	731,465	829,855	2,075,089	2,182,097
Increase in Net Position before Transfers						
Transfers	448,026	233,636	99,703	(198,573)	547,729	35,063
Transfers	-	-	-	-	-	-
Increase(Decrease) in Net Position	448,026	233,636	99,703	(198,573)	547,729	35,063
Net Position, beginning	2,737,872	2,504,236	7,300,499	7,499,072	10,038,371	10,003,308
Net Position, ending	\$ 3,185,898	\$ 2,737,872	\$ 7,400,202	\$ 7,300,499	\$ 10,586,100	\$ 10,038,371

Governmental activities: Governmental activities increased the Town's net position by \$448,026. Key elements of this increase are as follows:

- Town received a \$500,000 grant which was used to supplement operating expenses and debt service payments during the year, \$377,660 was allocated to the Governmental Activities.

Business-type activities: Business-type activities refer to the Water/Sewer Fund and increased the Town of Bladenboro's net position by \$99,703. Key elements of this increase are as follows:

- Town received a \$500,000 grant which was used to supplement operating expenses and debt service payments during the year, \$122,340 was allocated to the Business-Type Activities.
- Operating expenses decreased.
- Services revenues increased due to a rate increase.

Financial Analysis of the Town of Bladenboro's Funds

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

Governmental Funds. The focus of The Town of Bladenboro's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. 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 Bladenboro. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$589,457 while total fund balance reached \$1,233,482. 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 approximately 49% of the total General Fund expenditures. Total fund balance represents 103% of that same amount.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$1,251,574 with a 52% increase over last year. Included in this change in fund balance is an increase in fund balance of the General Fund.

General Fund Budgetary Highlights: During the fiscal year, the Town of Bladenboro 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 more than the budgeted amounts primarily because revenue was budgeted conservatively, as were the expenditures. The Town was able to comply with its budgetary requirements.

Proprietary Funds. The Town of Bladenboro'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 \$593,943. The increase in net position for this fund was \$99,703. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Bladenboro's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Bladenboro's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$10,004,572 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Donated land.
- Equipment purchased in the street department.

**Town of Bladenboro's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Construction in Progress	\$ 471,979	\$ 410,799	\$ 487,358	\$ 466,358	\$ 959,337	\$ 877,157
Buildings and Other Improvements	2,293,959	2,346,046	-	-	2,293,959	2,346,046
Plant and Distribution	-	-	6,311,577	6,504,965	6,311,577	6,504,965
Equipment	184,443	135,326	3,801	5,701	188,244	141,027
Vehicles	243,532	189,602	3,523	5,017	247,055	194,619
Infrastructure	4,400	5,280	-	-	4,400	5,280
	<u>\$ 3,198,313</u>	<u>\$ 3,087,053</u>	<u>\$ 6,806,259</u>	<u>\$ 6,982,041</u>	<u>\$ 10,004,572</u>	<u>\$ 10,069,094</u>

Additional information on the Town's capital assets can be found in notes beginning on page 29 of this report.

Long-term Debt. As of June 30, 2020, the Town of Bladenboro had no bonded debt outstanding.

Town of Bladenboro's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Placement						
Installment Purchases	\$ 1,158,484	\$ 1,117,526	\$ -	\$ -	\$ 1,158,484	\$ 1,117,526
Capital Leases	33,922	15,772	-	-	33,922	15,772
	<u>\$ 1,192,406</u>	<u>\$ 1,133,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,192,406</u>	<u>\$ 1,133,298</u>

Town of Bladenboro's Outstanding Debt

The Town of Bladenboro's General Fund debt increased by \$59,108 due to newly acquired installment purchase debt exceeding regular scheduled debt payments.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The Town of Bladenboro's legal debt margin is \$5,963,732.

Additional information regarding the Town of Bladenboro's long-term debt can be found in the notes beginning on page 39 of this report.

Economic Factors and Next Year's Budgets and Rates

For the upcoming year, management does not expect any surge of new development within the Town.

Due to Bladenboro's size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews the County of Bladen's economic conditions to monitor for effects on the economy of the Town.

The economy appears to be on the upswing with new industries relocating to the industrial park that will increase tax base and water and sewer service revenue.

The property tax rate for the Town is not expected to change for the coming budget year.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes will remain the same and garbage collection rates will increase 3.1% for 2020-2021. General Fund expenditures have been budgeted accordingly with only a small increase from the 2019-2020 Budget. The Town will continue its commitment to reducing the cost of delivering services.

The Town will begin the parks and recreation capital project utilizing grant funds from PARTF.

Business - type Activities: The water and sewer rates in the Town will increase by 3.5%.

Requests for Information

This report is designed to provide an overview of the Town of Bladenboro's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the attention of Town Clerk, Town of Bladenboro, P.O. Box 455, N.C. 28320. You may also call 910-863-3655.

Basic Financial Statements

Town of Bladenboro, North Carolina
Statement of Net Position
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & cash equivalents	\$ 1,106,461	\$ 496,268	\$ 1,602,729
Restricted cash	51,755	85,793	137,548
Taxes receivable (Net)	145,977	-	145,977
Accounts Receivable (Net)	52,201	179,821	232,022
Due from other governments	97,779	-	97,779
Inventories	-	4,000	4,000
Total current assets	<u>1,454,173</u>	<u>765,882</u>	<u>2,220,055</u>
Non-current Assets:			
Capital Assets:			
Land and nondepreciable improvements	471,979	487,358	959,337
Other capital assets, net of depreciation	<u>2,726,334</u>	<u>6,318,901</u>	<u>9,045,235</u>
Total capital assets	<u>3,198,313</u>	<u>6,806,259</u>	<u>10,004,572</u>
Total Assets	<u>4,652,486</u>	<u>7,572,141</u>	<u>12,224,627</u>
Deferred Outflows of Resources:			
Pension Deferrals	242,870	34,989	277,859
Liabilities			
Current liabilities:			
Accounts Payable and Accrued Liabilities	55,429	43,389	98,818
Accrued Interest	32,646	-	32,646
Current Portion of Long-Term Liabilities	65,590	-	65,590
Compensated Absences	12,439	8,770	21,209
Payable From Restricted Assets			
Customer Deposits	-	85,793	85,793
Long-term Liabilities:			
Net Pension Liability-LGERS	174,916	58,305	233,221
Total Pension Liability-LEO	215,949	-	215,949
Due in More Than One Year	<u>1,141,581</u>	<u>9,224</u>	<u>1,150,805</u>
Total liabilities	<u>1,698,550</u>	<u>205,481</u>	<u>1,904,031</u>
Deferred Inflows of Resources			
Prepaid Taxes	1,193	-	1,193
Pension Deferrals	<u>9,715</u>	<u>1,447</u>	<u>11,162</u>
Total Deferred Inflows of Resources	<u>10,908</u>	<u>1,447</u>	<u>12,355</u>
Net Position			
Net Investments in Capital Assets	2,005,907	6,806,259	8,812,166
Restricted for:			
Stabilization by State Statute	150,000	-	150,000
Transportation	51,755	-	51,755
Debt Service	32,444	-	32,444
Unrestricted	<u>945,792</u>	<u>593,943</u>	<u>1,539,735</u>
Total Net Position	<u>\$ 3,185,898</u>	<u>\$ 7,400,202</u>	<u>\$ 10,586,100</u>

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

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Town of Bladenboro, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 280,067	\$ 10,340	\$ 382,228	\$ -	\$ 112,501	\$ -	\$ 112,501
Public Safety	497,435	90,575	16,799	-	(390,061)	-	(390,061)
Transportation	390,496	-	120,888	-	(269,608)	-	(269,608)
Economic Development	400	-	-	-	(400)	-	(400)
Environmental Protection	120,302	185,347	1,373	-	66,418	-	66,418
Cultural and Recreation	26,825	1,091	-	-	(25,734)	-	(25,734)
Interest on Long-Term Debt	28,099	-	-	-	(28,099)	-	(28,099)
Total Governmental Activities	<u>1,343,624</u>	<u>287,353</u>	<u>521,288</u>	<u>-</u>	<u>(534,983)</u>	<u>-</u>	<u>(534,983)</u>
Business-Type Activities:							
Water and Sewer Fund	731,465	676,021	-	148,340	-	92,896	92,896
Total Business-Type Activities	<u>731,465</u>	<u>676,021</u>	<u>-</u>	<u>148,340</u>	<u>-</u>	<u>92,896</u>	<u>92,896</u>
Total Primary Government	<u>\$ 2,075,089</u>	<u>\$ 963,374</u>	<u>\$ 521,288</u>	<u>\$ 148,340</u>	<u>(534,983)</u>	<u>92,896</u>	<u>(442,087)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					571,864	-	571,864
Other taxes					5,892	-	5,892
Grants and contributions not restricted to specific programs					329,427	-	329,427
Unrestricted investment earnings					3,118	967	4,085
Miscellaneous					72,708	5,840	78,548
Total general revenues not including transfers					<u>983,009</u>	<u>6,807</u>	<u>989,816</u>
Transfers					-	-	-
Total general revenues and transfers					<u>983,009</u>	<u>6,807</u>	<u>989,816</u>
Change in net position					<u>448,026</u>	<u>99,703</u>	<u>547,729</u>
Net position - Beginning					<u>2,737,872</u>	<u>7,300,499</u>	<u>10,038,371</u>
Net position - Ending					<u>\$ 3,185,898</u>	<u>\$ 7,400,202</u>	<u>\$ 10,586,100</u>

Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Funds</u>		Total Governmental Funds
	<u>General</u>	<u>Non-Major Funds</u>	
Assets:			
Cash and cash equivalents	\$ 1,088,389	\$ 18,072	\$ 1,106,461
Restricted cash	51,755	-	51,755
Receivables (net):			
Taxes	122,886	-	122,886
Accounts	52,201	-	52,201
Due from other funds	-	20	20
Due from other governments	97,779	-	97,779
Total assets	<u>\$ 1,413,010</u>	<u>\$ 18,092</u>	<u>\$ 1,431,102</u>
Liabilities:			
Accounts payable & accrued liabilities	\$ 55,429	\$ -	\$ 55,429
Due to other funds	20	-	20
Total liabilities	<u>55,449</u>	<u>-</u>	<u>55,449</u>
Deferred Inflows of Resources:			
Property taxes receivable	122,886	-	122,886
Prepaid taxes	1,193	-	1,193
Total deferred inflows of resources	<u>124,079</u>	<u>-</u>	<u>124,079</u>
Fund Balances:			
Restricted			
Stabilization by state statute	149,980	20	150,000
Transportation	51,755	-	51,755
Debt Service	32,444	-	32,444
Committed			
Cultural and Recreation	-	18,072	18,072
Assigned			
Subsequent years' expenditures	409,846	-	409,846
Unassigned	589,457	-	589,457
Total fund balances	<u>1,233,482</u>	<u>18,092</u>	<u>1,251,574</u>
Total liabilities & deferred inflows of resources and fund balances	<u>\$ 1,413,010</u>	<u>\$ 18,092</u>	<u>\$ 1,431,102</u>

Balance Sheet
Governmental Funds
June 30, 2020

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds	\$	1,251,574
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	5,038,048
Accumulated depreciation		<u>(1,839,735)</u>
		3,198,313
Deferred outflows of resources related to pensions are not reported in the funds		
		242,870
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
		23,091
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
		122,886
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt		(1,219,610)
Net pension liability		(174,916)
Total pension liability		(215,949)
Deferred inflows of resources related to pensions are not reported in the funds		
		(9,715)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		(32,646)
Net position of government activities	\$	<u><u>3,185,898</u></u>

Town of Bladenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Revenues			
Ad valorem taxes	\$ 530,099	\$ -	\$ 530,099
Other taxes and licenses	5,892	-	5,892
Unrestricted intergovernmental	329,427	-	329,427
Restricted intergovernmental	446,745	65,325	512,070
Permits and fees	1,716	-	1,716
Sales and services	285,637	-	285,637
Investment earnings	3,118	-	3,118
Miscellaneous	20,746	-	20,746
Total revenues	<u>1,623,380</u>	<u>65,325</u>	<u>1,688,705</u>
Expenditures			
Current:			
General government	308,393	-	308,393
Public safety	486,857	-	486,857
Transportation	298,319	65,325	363,644
Economic development	400	-	400
Environmental protection	120,302	-	120,302
Cultural and recreation	11,391	-	11,391
Debt service:			
Principal	64,406	-	64,406
Interest	28,576	-	28,576
Total expenditures	<u>1,318,644</u>	<u>65,325</u>	<u>1,383,969</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>304,736</u>	<u>-</u>	<u>304,736</u>
Other financing sources (uses)			
Proceeds From Installment Financing	<u>123,514</u>	<u>-</u>	<u>123,514</u>
Total Other Financing Sources (Uses)	<u>123,514</u>	<u>-</u>	<u>123,514</u>
Net Change in Fund Balance	428,250	-	428,250
Fund Balances, Beginning	<u>805,232</u>	<u>18,092</u>	<u>823,324</u>
Fund Balances, Ending	<u>\$ 1,233,482</u>	<u>\$ 18,092</u>	<u>\$ 1,251,574</u>

Town of Bladenboro, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Exhibit 4,
Continued

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

Net changes in fund balances - total governmental funds	\$	428,250
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 170,618	
Donated Asset	61,180	
Depreciation expense for governmental assets	<u>(120,538)</u>	111,260
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Activities		37,638
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		4,956
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues.		41,765
<p>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.</p>		
New long-term debt issued	(123,514)	
Principal payments on long-term debt	64,406	
Decrease in accrued interest payable	<u>477</u>	(58,631)
<p>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.</p>		
Compensated absences	(5,802)	
Pension expense	<u>(111,410)</u>	<u>(117,212)</u>
Total changes in net position of governmental activities.	\$	<u><u>448,026</u></u>

General Fund and Annually Budgeted Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2020

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 530,925	\$ 530,925	\$ 530,099	\$ (826)
Other taxes and licenses	5,750	5,750	5,892	142
Unrestricted intergovernmental	277,500	289,005	329,427	40,422
Restricted intergovernmental	16,830	32,200	446,745	414,545
Permits and Fees	1,000	1,100	1,716	616
Sales and services	293,072	295,972	285,637	(10,335)
Investment earnings	325	325	3,118	2,793
Miscellaneous	12,500	18,150	20,746	2,596
Total revenues	<u>1,137,902</u>	<u>1,173,427</u>	<u>1,623,380</u>	<u>449,953</u>
Expenditures:				
Current:				
General government	285,195	340,534	308,393	32,141
Public safety	488,201	506,121	486,857	19,264
Transportation	234,049	358,410	298,319	60,091
Economic development	400	400	400	-
Environmental protection	109,324	120,324	120,302	22
Cultural and recreation	15,100	16,400	11,391	5,009
Debt service	113,171	106,310	92,982	13,328
Total expenditures	<u>1,245,440</u>	<u>1,448,499</u>	<u>1,318,644</u>	<u>129,855</u>
Revenues over (under) expenditures	<u>(107,538)</u>	<u>(275,072)</u>	<u>304,736</u>	<u>579,808</u>
Other financing sources (uses):				
Proceeds From Installment Financing	-	123,514	123,514	-
Total other financing sources (uses)	<u>-</u>	<u>123,514</u>	<u>123,514</u>	<u>-</u>
Fund Balance Appropriated	<u>107,538</u>	<u>151,558</u>	<u>-</u>	<u>(151,558)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	428,250	<u>\$ 428,250</u>
Fund balances, beginning			<u>805,232</u>	
Fund balances, ending			<u>\$ 1,233,482</u>	

Town of Bladenboro, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

Exhibit 6

	Major Enterprise Fund
	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 496,268
Restricted cash	85,793
Accounts receivable (net) - billed	126,013
Accounts receivable (net) - unbilled	53,808
Inventories	4,000
Total	765,882
Non-Current Assets:	
Capital Assets:	
Land and other non-depreciable assets	487,358
Other capital assets, net of depreciation	6,318,901
Total capital assets	6,806,259
Total assets	7,572,141
Deferred Outflows of Resources:	
Pension Deferrals	34,989
Total Deferred Outflows of Resources	34,989
Liabilities	
Current liabilities:	
Accounts payable and Accrued Liabilities	43,389
Compensated Absences	8,770
Total	52,159
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer deposits	85,793
Net Pension Liability	58,305
Compensated Absences	9,224
Total	153,322
Total liabilities	205,481
Deferred Inflows of Resources	
Pension Deferrals	1,447
Total Deferred Inflows of Resources	1,447
Net position	
Net investments in capital assets	6,806,259
Unrestricted	593,943
Total net position	\$ 7,400,202

Town of Bladenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

Exhibit 7

	Major Enterprise Fund
	Water and Sewer Fund
Operating revenues:	
Charges for Services	\$ 659,431
Other Operating Revenues	16,590
Total	676,021
Operating Expenses:	
Administration	87,184
Water Operations	131,448
Sewer Operations	107,189
Waste Collections and Treatment	183,056
Depreciation	222,587
Total	731,465
Operating income	(55,444)
Nonoperating revenues (expenses):	
Investment earnings	967
Miscellaneous Revenue	5,840
Interest and fees	-
Total nonoperating revenues (expenses)	6,807
Income (loss) before contributions and transfers	(48,637)
Capital Contributions - Grant	148,340
Change in net position	99,703
Net position - Beginning	7,300,499
Net position - Ending	\$ 7,400,202

Town of Bladenboro, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2020

Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 612,632
Cash paid for goods and services	(356,654)
Cash paid to employees for services	(138,363)
Customer deposits received	13,690
Other operating revenues	16,590
Net cash provided by (used) operating activities	147,895
Cash flows from noncapital financing activities:	
Other Nonoperating Income	5,840
Net cash provided by (used) noncapital financing activities:	5,840
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(46,805)
Capital Contributions - Grants	148,340
Net cash provided by (used) capital and related financing activities	101,535
Cash flows from investing activities:	
Interest on investments	967
Net decrease in cash and cash equivalents	256,237
Cash and cash equivalents:	
Beginning of year, July 1	325,824
End of year, June 30	\$ 582,061
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (55,444)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	222,587
Changes in assets, deferred in/outflows of resources and liabilities:	
(Increase)/Decrease in accounts receivable	(46,799)
(Increase)/Decrease in deferred outflows of resources-pensions	12,575
Increase/(Decrease) in net pension liability	(55)
Increase/(Decrease) in deferred inflows of resources-pensions	(1,992)
Increase/(Decrease) in accounts payable and accrued liabilities	3,499
Increase/(Decrease) in accrued vacation	(166)
Increase/(Decrease) in customer deposits	13,690
Total adjustments	203,339
Net cash provided by (used) operating activities	\$ 147,895

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Bladenboro, North Carolina 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 Bladenboro is a municipal corporation, which is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental fund:

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

The Town reports the following non-major governmental funds:

PARTF Park Capital Project Fund – This fund is used to account for the construction of a new park and facilities.

Bryant Swamp Debris Removal Project Fund – This fund is used to account for the removal of debris in Bryant Swamp.

The Town reports the following major enterprise funds:

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

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, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The Budget Officer is authorized by the budget ordinance to transfer appropriations between departments within a fund; however, any revisions that alter total expenditures of any fund 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 the time until annual ordinance can be adopted.

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

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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and considered cash and cash equivalents.

Restricted Assets

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

Town of Bladenboro Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ <u>51,755</u>
Total Governmental Activities	\$ <u><u>51,755</u></u>
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ <u>85,793</u>
Total Business Type Activities	\$ <u><u>85,793</u></u>
Total Restricted Cash	\$ <u><u>137,548</u></u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Allowance for Doubtful Accounts

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

Inventory

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	45
Improvements	25
Motor Vehicles	5
Equipment	5-10
Plant Assets	50

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

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.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There were no non-spendable items for the Town.

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 non-spendable. 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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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.

Restricted for Debt Service – USDA requires 10% of each annual payment to be reserved until the amount reaches one year’s payment.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Bladenboro’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. Any changes or removal of specific purpose requires majority action by the governing body. Below is the only description of committed fund balance.

Committed for Parks and Recreation – portion of fund balance assigned for the future use to make improvements to the Town’s recreation facilities.

Assigned Fund Balance – portion of fund balance that Town of Bladenboro 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 and any modifications to the original budget.

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 Bladenboro adheres to the North Carolina Local Government Commission’s recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures. Any portion of the general fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Defined Benefit Cost Sharing Plans

For purposes of measuring the net pension (asset)/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 Bladenboro’s employer contributions are recognized when due and the Town of Bladenboro has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

NOTE 2: Stewardship, Compliance and Accountability

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

Noncompliance with N.C. General Statutes

None.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

NOTE 3: Detail Notes on All Funds

A. Assets

Deposits

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

At June 30, 2020, the Town's deposits had a carrying amount of \$1,436,993 and a bank balance of \$1,441,944. Of the bank balance, \$627,227 was covered by federal depository insurance and the remaining \$814,717 was covered by collateral and held under the Pooling Method.

Investments

At June 30, 2020, the Town had \$303,284 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

Receivables – Allowances for Doubtful Accounts

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

Fund	6/30/2020
General Fund	
Taxes Receivable	\$ 27,447
Accounts Receivable	-
Total	27,447
Enterprise Funds:	
Total	\$ 27,447

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 410,799	\$ 61,180	\$ -	\$ 471,979
Construction in Progress	-	-	-	-
Total Capital Assets not Being Depreciated:	<u>410,799</u>	<u>61,180</u>	<u>-</u>	<u>471,979</u>
Capital Assets Being Depreciated:				
Buildings	2,361,953	-	-	2,361,953
Other Improvements	291,895	-	-	291,895
Equipment	413,361	91,118	-	504,479
Vehicles	1,375,766	79,500	69,524	1,385,742
Infrastructure	22,000	-	-	22,000
Total Capital Assets Being Depreciated:	<u>4,464,975</u>	<u>170,618</u>	<u>69,524</u>	<u>4,566,069</u>
Less Accumulated Depreciation for:				
Buildings	268,228	46,239	-	314,467
Other Improvements	39,574	5,848	-	45,422
Equipment	278,035	42,001	-	320,036
Vehicles	1,186,164	25,570	69,524	1,142,210
Infrastructure	16,720	880	-	17,600
Total Accumulated Depreciation	<u>1,788,721</u>	<u>\$ 120,538</u>	<u>\$ 69,524</u>	<u>1,839,735</u>
Total Capital Assets Being Depreciated, net	<u>2,676,254</u>			<u>2,726,334</u>
Governmental Activity Capital Assets, net	<u>\$ 3,087,053</u>			<u>\$ 3,198,313</u>

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

General Government	\$ 8,318
Public Safety	75,486
Transportation	21,300
Cultural and Recreational	15,434
Total Depreciation Expense	<u>\$ 120,538</u>

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital Assets not Being Depreciated:				
Land	\$ 466,358	\$ -	\$ -	\$ 466,358
Construction in Progress	-	21,000	-	21,000
Total Capital Assets not Being Depreciated:	466,358	21,000	-	487,358
Capital Assets Being Depreciated:				
Plant and Distribution	10,902,937	25,805	-	10,928,742
Equipment	119,960	-	-	119,960
Vehicles	55,788	-	-	55,788
Total Capital Assets Being Depreciated:	11,078,685	25,805	-	11,104,490
Less Accumulated Depreciation for:				
Plant and Distribution	4,397,972	219,193	-	4,617,165
Equipment	114,259	1,900	-	116,159
Vehicles	50,771	1,494	-	52,265
Total Accumulated Depreciation	4,563,002	\$ 222,587	\$ -	4,785,589
Total Capital Assets Being Depreciated, net	6,515,683			6,318,901
Water and Sewer Capital Assets, Net	\$ 6,982,041			\$ 6,806,259

B. Liabilities

Pension Plan Obligations

1. Local Governmental Employees' Retirement System

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

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

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Notes to the Financial Statements
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may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bladenboro 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 Bladenboro's contractually required contribution rate for the year ended June 30, 2020, was 8.50% of compensation for law enforcement officers and 7.75% 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 Bladenboro were \$50,184 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$233,221 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Town's proportion was 0.00820%, which was an increase of 0.00117% from its proportion measured as of June 30, 2018.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

For the year ended June 30, 2020, the Town recognized pension expense of \$101,789. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,933	\$ -
Changes of assumptions	38,011	-
Net difference between projected and actual earnings on pension plan investments	5,688	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,140	5,789
Town contributions subsequent to the measurement date	50,184	-
Total	\$ 139,956	\$ 5,789

\$50,184 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 41,214
2022	11,917
2023	24,440
2024	6,412
2025	-
Thereafter	-
	\$ 83,983

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

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

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

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

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 533,418	\$ 233,221	\$ (16,304)

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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

2. Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Bladenboro 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. The Town has made no contributions to this plan. A separate report was not issued for the plan.

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>6</u>
Total	<u><u>7</u></u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 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	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
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Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$11,970 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$215,949. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$36,679.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,113	\$ 3,526
Changes of assumptions and other inputs	6,834	1,847
Benefit payments and administrative expenses subsequent to the measurement date.	4,956	-
Total	\$ 137,903	\$ 5,373

\$4,956 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 26,076
2022	27,196
2023	26,691
2024	22,460
2025	22,460
Thereafter	2,691
	\$ 127,574

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total Pension Liability	\$ 235,818	\$ 215,949	\$ 197,713

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

	2020
Beginning balance	\$ 79,862
Service Cost	7,914
Interest on the total pension liability	2,689
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	130,336
Changes of assumptions or other inputs	7,118
Benefit payments	(11,970)
Other changes	-
Ending balance of the total pension liability	\$ 215,949

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

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 101,789	\$ 36,679	138,468
Pension Liability	233,221	215,949	\$ 449,170
Proportionate share of the net pension liability	0.00820%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	39,933	126,113	166,046
Changes of assumptions	38,011	6,834	44,845
Net difference between projected and actual earnings on plan investments	5,688	-	5,688
Changes in proportion and differences between contributions and proportionate share of contributions	6,140	-	6,140
Benefit payments and administrative costs paid subsequent to the measurement date	50,184	4,956	55,140
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	3,526	3,526
Changes of assumptions	-	1,847	1,847
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 5,789	-	\$ 5,789

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

3. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$16,724, which consisted of \$12,487 from the Town and \$4,237 from the law enforcement officers. The Town also provides for all other employees the same plan with a 5% Town contribution rate. Contributions for the year ended June 30, 2020 were \$17,793, which consisted of \$14,493 from the Town and \$3,300 from the employees.

4. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description - The State of North Carolina contributes, on behalf of the Town of Bladenboro, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund 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 the FRSWPF. 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.

Contributions - Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

5. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the numbers 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 postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

6. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 50,184
Benefit payments made and administrative expenses for LEOSA made subsequent to the measurement date	4,956
Differences between expected and actual experience	166,046
Changes of assumptions	44,845
Net difference between projected and actual earnings on pension plan investments	5,688
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,140
Total	<u>\$ 277,859</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 1,193	\$ 1,193
Taxes Receivable (General Fund)	-	122,886
Differences between expected and actual experience	3,526	-
Changes of assumptions	1,847	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,789	-
Total	<u>\$ 12,355</u>	<u>\$ 124,079</u>

7. 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 up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

In accordance with G.S. 159-29, 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. The Town has a \$50,000 fidelity bond on the finance officer, \$10,000 on the tax collector, and a blanket bond for \$10,000 on other employees. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Town does not carry any flood insurance because only 2 of its buildings fall in a flood zone. These 2 buildings fall into an area that has been mapped and designated as an "AE" zone by the Federal Emergency Management Agency. The remainder of the Town is located in an area mapped as an "X" zone, which is an area that is not prone to flooding.

8. Claims, Judgments and Contingent Liabilities

There are no pending monetary suits against the Town as of June 30, 2020.

9. Long-Term Obligations

Capital Leases

The Town has entered into agreements to lease certain equipment and buildings. Those leases which pertain to general fixed assets are in the general long-term debt account group and those which pertain to an enterprise fund are in the enterprise fund. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Capital Leases at June 30, 2020, were as follows:

General Fund

1. Government Capital Corporation agreement dated October 2018 for lease purchase of financial management software, payable in 5 annual installments of \$12,495, including interest at 5.485%. Outstanding balance at year end was \$33,922. Maturity date is October 2022.
- 2.

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 44,014	\$ 14,671	\$ 29,343

For the Town of Bladenboro, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year Ending	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
30-Jun		
2021	\$ 10,646	\$ 1,850
2022	11,230	1,266
2023	12,047	650
2024	-	-
Total	<u>\$ 33,922</u>	<u>\$ 3,765</u>

Under the terms of all agreements, title passes to the Town at the end of the lease term.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Installment Purchases

General Fund

1. USDA direct placement agreement dated December 29, 2010 for the financing of the construction of the Town hall building, payable in 30 annual payments of \$11,218 including interest at 3.75%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$156,399. Maturity is December 29, 2040.
2. USDA direct placement agreement dated July 16, 2015 to pay off the construction loan for the fire department building and is payable in 40 annual payments of \$42,496 including interest at 3.50%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$862,246. Maturity is July 2055.
3. First Bank direct placement agreement dated January 22, 2018 for purchase of police vehicle, payable in three annual payments of \$10,463, including interest at 2.27%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$10,212. Maturity is January 2021.
4. First bank direct placement agreement dated October 12, 2018 for purchase of backhoe, payable in five annual payments of \$13,720, including interest at 3.65%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$50,127. Maturity is October 2023.
5. First bank direct placement agreement dated November 26, 2019 for purchase of a grapple truck, payable in five annual payments of \$17,052, including interest at 2.37%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$79,500. Maturity is November 2024.

For The Town of Bladenboro, the future minimum payments as of June 30, 2020 are as follows:

Year Ending	Governmental Activities	
	30-Jun	Principal
2021	\$ 54,944	\$ 39,990
2022	46,161	38,332
2023	47,631	36,860
2024	49,046	35,337
2025	36,976	33,771
2026-2030	113,147	155,436
2031-2035	134,882	133,701
2036-2040	161,871	107,786
2041-2045	131,460	81,035
2046-2050	156,133	56,361
2051-2055	185,438	27,057
2056-2060	40,795	1,428
Total	\$ 1,158,484	\$ 747,094

At June 30, 2020, Town of Bladenboro had a legal debt margin of \$5,963,732.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Changes in General Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct Placement					
Installment Purchase	\$ 1,117,526	\$ 79,500	\$ (38,542)	\$ 1,158,484	\$ 54,944
Capital Leases	15,772	44,014	(25,864)	33,922	10,646
Net Pension Liability - LGERS	136,172	38,744	-	174,916	-
Net Pension Liability - LEO	79,862	136,087	-	215,949	-
Compensated Absences	21,402	12,439	(6,638)	27,203	12,439
Total Governmental Activities	<u>\$ 1,295,809</u>	<u>\$ 310,784</u>	<u>\$ (71,044)</u>	<u>\$ 1,535,549</u>	<u>\$ 78,029</u>
Business-Type Activities:					
Water and Sewer Fund					
Net Pension Liability - LGERS	\$ 58,360	\$ -	\$ (55)	\$ 58,305	\$ -
Compensated Absences	18,160	8,770	(8,936)	17,994	8,770
Total Water and Sewer Fund	<u>\$ 76,520</u>	<u>\$ 8,770</u>	<u>\$ (8,991)</u>	<u>\$ 76,299</u>	<u>\$ 8,770</u>

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

6. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2020, consist of the following:

General Fund owes PARTF Park Captial Project Fund	<u>\$ 20</u>
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An expense was paid out of the PARTF grant bank account that was budgeted in the General Fund. The General Fund plans to repay that amount in the 2020-2021 year.

8. 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	<u>\$1,233,482</u>
Less:	
Stabilization by State Statute	149,980
Debt Service	32,444
Streets - Powell Bill	51,755
Appropriated Fund Balance in 2021 Budget	409,846
Remaining Fund Balance	<u>589,457</u>

The Town of Bladenboro adheres to the North Carolina Local Government Commission's recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 4: Jointly Governed Organization

The Town, along with several other counties and municipalities participate in the Lumber River Council of Governments (COG). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid \$698 to the Council during the fiscal year ended June 30, 2020.

NOTE 5: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 28, 2021, the date which the financial statements were available for issue.

Required Supplementary Financial Data

The section contains additional information required by the generally accepted accounting principles.

Schedule of Proportionate Share of Net Pension Liability (Asset) Local Government Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Schedule of Changes in Total Pension Liability

Schedule of Total Pension Liability as a Percentage of Covered Payroll

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

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.00854%	0.00820%	0.00703%	0.00908%	0.00812%	0.00966%	0.0096%
Town's proportion of the net pension liability (asset) (\$)	\$ 233,221	\$ 194,532	\$ 107,398	\$ 192,707	\$ 36,441	\$ (56,970)	\$ 115,717
Town's covered-employee payroll	\$ 515,692	\$ 501,981	\$ 472,275	\$ 494,402	\$ 488,266	\$ 480,600	\$ 508,657
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.22%	38.75%	22.74%	38.98%	7.46%	(11.85%)	22.75%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of Bladenboro, North Carolina
Schedule of Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 50,184	\$ 41,604	\$ 39,413	\$ 35,732	\$ 34,007	\$ 35,241	\$ 36,062
Contributions in relation to the contractually required contribution	50,184	41,604	39,413	35,732	34,007	35,241	36,062
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 551,035	\$ 515,692	\$ 501,981	\$ 472,275	\$ 494,402	\$ 488,266	\$ 480,600
Contributions as a percentage of covered-employee payroll	9.11%	8.07%	7.85%	7.57%	6.96%	7.22%	7.09%

Town of Bladenboro, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	2020	2019	2018	2017
Beginning balance	\$ 79,862	\$ 63,536	\$ 81,457	\$ 90,774
Service Cost	7,914	4,650	3,020	4,930
Interest on the total pension liability	2,689	1,741	2,838	2,958
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	130,336	29,492	(10,579)	(1,356)
Changes of assumptions or other inputs	7,118	(2,685)	2,649	-
Benefit payments	(11,970)	(16,872)	(15,849)	(15,849)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 215,949</u>	<u>\$ 79,862</u>	<u>\$ 63,536</u>	<u>\$ 81,457</u>

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

Town of Bladenboro, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 June 30, 2020

	2020	2019	2018	2017
Total pension liability	\$ 215,949	\$ 79,862	\$ 63,536	\$ 81,457
Covered payroll	249,905	254,107	194,180	236,528
Total pension liability as a percentage of covered payroll	86.41%	31.43%	32.72%	34.44%

Notes to the schedules:

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

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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Supplementary Statements

The section contains additional statements required by the Local Government Commission
in North Carolina.

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 525,882	\$
Penalties and interest		4,217	
Total	<u>530,925</u>	<u>530,099</u>	<u>(826)</u>
Other taxes and licenses:			
Cablevision Franchise Fee			
Motor Vehicle Tax		5,892	
Total	<u>5,750</u>	<u>5,892</u>	<u>142</u>
Unrestricted intergovernmental:			
Local Option Sales Tax		227,201	
Utility Sales Tax		76,139	
Video Franchise Tax		10,871	
Telecom Sales Tax		12,230	
Beer and Wine Tax		2,986	
Total	<u>289,005</u>	<u>329,427</u>	<u>40,422</u>
Restricted intergovernmental:			
Powell Bill Allocation		55,563	
Solid Waste Disposal Tax		1,373	
Grants		389,809	
Total	<u>32,200</u>	<u>446,745</u>	<u>414,545</u>
Permits & Fees:			
Planning and zoning fees		1,640	
Court fees		76	
Total	<u>1,100</u>	<u>1,716</u>	<u>616</u>
Sales and services:			
Sanitation Fees		185,347	
Fire District Contract		90,499	
Recreation Revenue		1,091	
Administration Fee		6,500	
Rent		2,200	
Total Sales and Services	<u>295,972</u>	<u>285,637</u>	<u>(10,335)</u>
Investment earnings:			
Powell Bill		20	
Regular		3,098	
Total Other Revenues	<u>325</u>	<u>3,118</u>	<u>2,793</u>

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Police Christmas		4,650	
Sale of Fixed Assets		2,440	
Donations		4,568	
Miscellaneous		9,088	
Total Other Revenues	<u>18,150</u>	<u>20,746</u>	<u>2,596</u>
Total Revenues	<u>1,173,427</u>	<u>1,623,380</u>	<u>449,953</u>
Expenditures:			
General government:			
Governing body:			
Salaries		22,682	
Professional Services		18,225	
Employee Benefits		1,915	
Insurance		2,886	
Capital outlay		-	
Miscellaneous		8,685	
Total	<u>56,358</u>	<u>54,393</u>	<u>1,965</u>
Administration:			
Salaries		85,945	
Employee Benefits		26,399	
Operating Expenses		26,213	
Capital outlay		44,014	
Total	<u>203,574</u>	<u>182,571</u>	<u>21,003</u>
Elections:			
Operating Expenses		2,972	
Total	<u>4,500</u>	<u>2,972</u>	<u>1,528</u>
Public Buildings:			
Utilities		22,062	
Maintenance		19,311	
Departmental Supplies		473	
Other operating expenditures		1,564	
Insurance		25,047	
Capital Outlay		-	
Total	<u>76,102</u>	<u>68,457</u>	<u>7,645</u>
Total General Government	<u>340,534</u>	<u>308,393</u>	<u>32,141</u>

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		250,658	
Special separation allowance		9,910	
Employee Benefits		98,123	
Vehicle maintenance		11,694	
Other operating expenditures		50,454	
Capital outlay		-	
Total	<u>436,968</u>	<u>420,839</u>	<u>16,129</u>
Fire:			
Employee benefits		3,520	
Vehicle maintenance		10,283	
Other operating expenditures		52,215	
Capital outlay		-	
Total	<u>69,153</u>	<u>66,018</u>	<u>3,135</u>
Total Public Safety	<u>506,121</u>	<u>486,857</u>	<u>19,264</u>
Transportation:			
Streets and highways:			
Salaries		67,402	
Contracted Services		257	
Employee Benefits		31,360	
Vehicle maintenance		9,198	
Operating Expenses		56,735	
Capital Outlay		126,604	
Total Streets and Highways	<u>342,580</u>	<u>291,556</u>	<u>51,024</u>
Powell Bill:			
Operating Expenses		6,763	
Total Powell Bill	<u>15,830</u>	<u>6,763</u>	<u>9,067</u>
Total Transportation	<u>358,410</u>	<u>298,319</u>	<u>60,091</u>
Economic Development:			
Donations		200	
Miscellaneous		200	
Total Economic Development	<u>400</u>	<u>400</u>	<u>-</u>

Town of Bladenboro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Solid Waste:			
Operating Expenses		120,302	
Total Environmental Protection	120,324	120,302	22
Culture and recreation:			
Recreation Department:			
Operating Expenses		3,242	
Capital Outlay		-	
Total Recreation Department	7,000	3,242	3,758
Library:			
Contracted Services		7,000	
Operating Expenses		249	
Capital Outlay		-	
Total Library	8,100	7,249	851
Community Events	1,300	900	400
Total Culture and Recreation	16,400	11,391	5,009
Debt service:			
Principal retirement		64,406	
Interest and fees		28,576	
Total Debt Service	106,310	92,982	13,328
Total Expenditures	1,448,499	1,318,644	129,855
Revenues over (under) expenditures	(275,072)	304,736	579,808
Other Financing Sources (Uses):			
Proceeds from Installment Financing	123,514	123,514	-
Total Other Financing Sources(Uses)	123,514	123,514	-
Fund Balance Appropriated	151,558	-	(151,558)
Net Change in Fund Balance	\$ -	428,250	\$ 428,250
Fund Balances, Beginning		805,232	
Fund Balances, Ending		\$ 1,233,482	

Town of Bladenboro, North Carolina
Combining Balance Sheet
Nonmajor Governmental Fund
For the Fiscal Year Ended June 30, 2020

	PARTF Park Capital Project	Bryant Swamp Debris Removal	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 18,072	\$ -	\$ 18,072
Restricted Cash	-	-	-
Due From Other Governments	-	-	-
Due From Other Funds	20	-	20
	<u>18,092</u>	<u>-</u>	<u>18,092</u>
Total Assets	\$ <u>18,092</u>	\$ <u>-</u>	\$ <u>18,092</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted			
Stabilization by State Statute	20	-	20
Committed			
Cultural and Recreation	18,072	-	18,072
Assigned			
Subsequent Year Expenditures	-	-	-
Unassigned			
Total Fund Balances	<u>18,092</u>	<u>-</u>	<u>18,092</u>
Total Liabilities and Fund Balances	\$ <u>18,092</u>	\$ <u>-</u>	\$ <u>18,092</u>

Town of Bladenboro, North Carolina
**Combining Statement of Revenues, Expenditures and
Changes in Fund Balance**
Nonmajor Governmental Fund
For the Fiscal Year Ended June 30, 2020

	<u>PARTF Park Capital Project</u>	<u>Bryant Swamp Debris Removal</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Restricted Intergovernmental			
State Grants	\$ -	\$ 65,325	\$ 65,325
Total Revenue	<u>-</u>	<u>65,325</u>	<u>65,325</u>
Expenditures:			
Transportation	-	65,325	65,325
Cultural and Recreational	-	-	-
Total Expenditures	<u>-</u>	<u>65,325</u>	<u>65,325</u>
Revenues Over(Under)			
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, beginning	<u>18,092</u>	<u>-</u>	<u>18,092</u>
Fund Balances, ending	<u>\$ 18,092</u>	<u>\$ -</u>	<u>\$ 18,092</u>

Town of Bladenboro, North Carolina
PARTF Park Capital Project
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2020

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental					
PARTF	\$ -	\$ -	\$ -	\$ -	\$ -
Total Restricted Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Income					
Land Donation	-	-	-	-	-
Donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Cultural and Recreational					
Operating Cost	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue and Other Sources over (Under) Expenditures	\$ <u>-</u>	\$ <u>18,092</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund Balances, beginning			<u>18,092</u>		
Fund Balances, ending			\$ <u>18,092</u>		

Town of Bladenboro, North Carolina
Bryant Swamp Debris Removal
Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Actual			Variance Positive (Negative)	
	Project Author- ization	Prior Years	Current Year		Total to Date
Revenues:					
Restricted Intergovernmental Revenue					
NC Dept of Commerce	\$ 126,720	\$ 55,125	\$ 65,325	\$ 120,450	\$ (6,270)
Total Revenue	<u>126,720</u>	<u>55,125</u>	<u>65,325</u>	<u>120,450</u>	<u>(6,270)</u>
Expenditures:					
Transportation					
Operating Expenses	126,720	55,125	65,325	120,450	6,270
Total Street Department	<u>126,720</u>	<u>55,125</u>	<u>65,325</u>	<u>120,450</u>	<u>6,270</u>
Total Expenditures	<u>126,720</u>	<u>55,125</u>	<u>65,325</u>	<u>120,450</u>	<u>6,270</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balances, beginning			-		
Fund Balances, ending			<u>\$ -</u>		

Town of Bladenboro, North Carolina
Water and Sewer Fund
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water and Sewer Sales	\$	\$ 627,020	\$
Taps and Connection Fees		32,411	
Miscellaneous		16,590	
Total	<u>539,050</u>	<u>676,021</u>	<u>136,971</u>
Nonoperating Revenues:			
Gain on Sale of Assets			
Farm Lease		5,840	
Interest Earned on Investment		967	
Total	<u>6,090</u>	<u>6,807</u>	<u>717</u>
Total revenues	<u>545,140</u>	<u>682,828</u>	<u>137,688</u>
Expenditures:			
Administration:			
Salaries		35,039	
Employee Benefits		14,805	
Operating Expenses		34,231	
Total	<u>84,596</u>	<u>84,075</u>	<u>521</u>
Water Department:			
Salaries		19,229	
Employee Benefits		8,746	
System Repairs		19,087	
Contract Services		30,850	
Departmental Supplies		15,397	
Operating Expenses		35,382	
Total	<u>166,960</u>	<u>128,691</u>	<u>38,269</u>
Sewer Department:			
Salaries		43,731	
Employee Benefits		16,523	
System Repairs		29,927	
Departmental Supplies		968	
Operating Expenses		13,633	
Total	<u>102,664</u>	<u>104,782</u>	<u>(2,118)</u>
Wastewater Treatment:			
Salaries		40,364	
Employee Benefits		16,175	
System Repairs		13,121	
Departmental Supplies		26,292	
Contract Services		23,751	
Operating Expenses		61,265	
Total	<u>214,810</u>	<u>180,968</u>	<u>33,842</u>

Town of Bladenboro, North Carolina
Water and Sewer Fund
Schedule of Revenues Expenditures, and Changes in Fund Balance
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Total General Expenses	<u>569,030</u>	<u>498,516</u>	<u>70,514</u>
Capital outlay:			
Administration		-	
Water		-	
Sewer		25,805	
Wastewater Treatment		-	
Total capital outlay	<u>25,805</u>	<u>25,805</u>	<u>-</u>
Total expenditures	<u>594,835</u>	<u>524,321</u>	<u>70,514</u>
Capital Contributions - Grants	<u>-</u>	<u>127,340</u>	<u>127,340</u>
Fund Balance Appropriated	<u>49,695</u>	<u>-</u>	<u>(49,695)</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>285,847</u>	\$ <u>285,847</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u>285,847</u>	
Reconciling items:			
(Increase)/Decrease in compensated absences payable		166	
Increase/(Decrease) in deferred outflows of resources-pensions		(12,575)	
(Increase)/Decrease in net pension liability		55	
(Increase)/Decrease in deferred inflows of resources-pensions		1,992	
Capital outlay		25,805	
Capital Contributions-Capital Projects		21,000	
Depreciation		<u>(222,587)</u>	
Total reconciling items		<u>(186,144)</u>	
Changes in Net Position		\$ <u>99,703</u>	

Town of Bladenboro, North Carolina
Capital Projects Fund-CDBG Utility System Backup Power Supply
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2020

	Actual			Variance Positive (Negative)	
	Project Author- ization	Prior Years	Current Year		Total to Date
Revenues:					
Restricted Intergovernmental					
CDBG	\$ 250,000	\$ 9,000	\$ 21,000	\$ 30,000	\$ (220,000)
Total Revenues	<u>250,000</u>	<u>9,000</u>	<u>21,000</u>	<u>30,000</u>	<u>(220,000)</u>
Expenditures:					
Grant Expenditures					
Operating Cost		9,000	-	9,000	
Capital Outlay		-	21,000	21,000	
Total Expenditures	<u>250,000</u>	<u>9,000</u>	<u>21,000</u>	<u>30,000</u>	<u>220,000</u>
Revenue over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Bladenboro, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019 - 2020	\$ -	\$ 562,217	\$ 502,624	\$ 59,593
2018 - 2019	35,238	-	13,930	21,308
2017 - 2018	20,653	-	2,416	18,237
2016 - 2017	15,671	-	2,297	13,374
2015 - 2016	12,574	-	1,673	10,901
2014 - 2015	7,762	-	1,444	6,318
2013 - 2014	7,427	-	1,244	6,183
2012 - 2013	6,168	-	496	5,672
2011 - 2012	6,229	-	237	5,992
2010 - 2011	2,829	-	74	2,755
2009 - 2010	2,097	-	2,097	-
	<u>\$ 116,648</u>	<u>\$ 562,217</u>	<u>\$ 528,532</u>	<u>\$ 150,333</u>
			Less Allowance for Doubtful Collections	<u>27,447</u>
				<u>\$ 122,886</u>
	<u>Reconcilement with revenues:</u>			
	Ad valorem taxes - General Fund			\$ 530,099
	Reconciling items:			
	Interest collected			(4,217)
	Releases and Refunds			<u>2,650</u>
	Subtotal			<u>(1,567)</u>
	Total collections and credits			<u>\$ 528,532</u>

Town of Bladenboro, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 88,541,563	\$ 0.64	\$ 566,666	\$ 492,104	\$ 74,562
			308	308	-
Total	88,541,563		566,974	492,412	74,562
Discoveries:					
Current year taxes	83,438	0.64	534	534	-
Total	83,438		534	534	-
Abatements:					
Total property valuation	(826,719)	0.64	(5,291)	(5,291)	-
	\$ 89,451,719				
Net levy			562,217	487,655	74,562
Uncollected taxes at June 30, 2020			59,593	59,593	-
Current year's taxes collected			\$ 502,624	\$ 428,062	\$ 74,562
Current levy collection percentage			89.40%	87.78%	100.00%

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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COMPLIANCE SECTION



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R. Bryon Scott, CPA
Gregory S. Adams, CPA
Alan W. Thompson, CPA

**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***

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Bladenboro, 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 accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the Town of Bladenboro, North Carolina, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprises the Town of Bladenboro's basic financial statements, and have issued our report thereon dated January 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bladenboro'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 Bladenboro'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bladenboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Bladenboro's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

January 28, 2021



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Gregory S. Adams, CPA
Alan W. Thompson, CPA

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with the 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 Bladenboro, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Bladenboro, North Carolina, compliance with the types of compliance requirements described in 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 Bladenboro's major state programs for the year ended June 30, 2020. The Town of Bladenboro's major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Bladenboro's major state 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 applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Town of Bladenboro'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 state program. However, our audit does not provide a legal determination of the Town of Bladenboro's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Bladenboro 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 state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Town of Bladenboro 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 Bladenboro's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the 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 state 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 state 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 state 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

January 28, 2021

Town of Bladenboro, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified.

Internal control over financial reporting:

- Material Weakness(es) identified? _____yes no
- Significant deficiency(s) identified? yes _____none reported
- Noncompliance material to financial statements noted? _____yes no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? _____yes no
- Significant deficiency(s) identified? _____yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act _____yes no

Identification of major State programs:

Program Name

N.C. Department of Public Safety - Office of Recovery and Resiliency

Town of Bladenboro, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2020 – 001 Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-001.

Recommendation: The duties should be separated as much as possible and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: Management is aware of the deficiency, but the cost-benefit analysis indicates that hiring more personnel to mitigate the issue is not feasible. Management will request board members' continued involvement by providing additional oversight.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



BLADENBORO

Small town living. Hometown proud. *North Carolina*

Corrective Acton Plan
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2020 – 001 Segregation of Duties

Name of contact person: Rufus Duckworth, Mayor

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.

Proposed Completion Date: The Board will implement the above procedure immediately.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Town of Bladenboro, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Finding: 2019-001
Status: Still occurring.

Town of Bladenboro, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards:					
Cash Programs:					
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Department of Environmental Quality					
CDBG - State Administered CDBG Cluster					
Division of Water Infrastructure-CDBG-I	14.228	17-I-2956	21,000	-	-
State Awards:					
<u>N.C. Department of Commerce</u>					
FY 16/17 Disaster Recovery Infrastructure -					
Drainage System Strom Debris Removal		2017-145-3214-2593	-	65,325	-
<u>N.C. Department of Public Safety</u>					
Office of Recovery and Resiliency					
			-	500,000	-
<u>N.C. Department of Environmental Quality</u>					
Merger/Regionalization Grant					
		E-MRF-W-19-0025	-	5,000	-
<u>Golden Leaf</u>					
Disaster Assistance					
			-	44,336	5,020
<u>North Carolina Department of Insurance</u>					
Fire and Rescue					
			-	9,077	9,077
<u>N.C. Department of Transportation</u>					
Powell Bill					
			-	6,763	-
Total Assistance			\$ <u>21,000</u>	\$ <u>630,501</u>	\$ <u>14,097</u>

There were no pass through recipients related to the above grants.

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 Bladenboro under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. 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 the Town of Bladenboro, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Bladenboro.

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.

Note 3: Indirect Cost Rate

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

TOWN OF BLADENBORO

BLADENBORO, NORTH CAROLINA

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