

TOWN OF BLADENBORO, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2024

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BOARD OF TOWN COUNCIL

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Terry W Nance, Jr - Commissioner

Greg Sykes – Commissioner

Joey Todd – Commissioner

Jeff Atkinson – Commissioner

Phyllis Hester Boyd - Commissioner

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Pamela Bowen

ATTORNEY

Johnson & Johnson Attorneys at Law

TOWN OF BLADENBORO, NORTH CAROLINA
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Financial Section



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R. Bryon Scott, CPA
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Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying 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 Town of Bladenboro as of June 30, 2024, and the respective changes in financial position, and cash flows [where applicable] 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bladenboro and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Bladenboro's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Bladenboro's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bladenboro's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset/(Liability) and Contributions on pages 44 and 45, and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 46 and 47 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bladenboro’s basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements, budgetary schedules , other schedules and the accompanying 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 31, 2025 on our consideration of the Town of Bladenboro’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 the effectiveness of Town of Bladenboro’s 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 31, 2025

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, 2024. 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

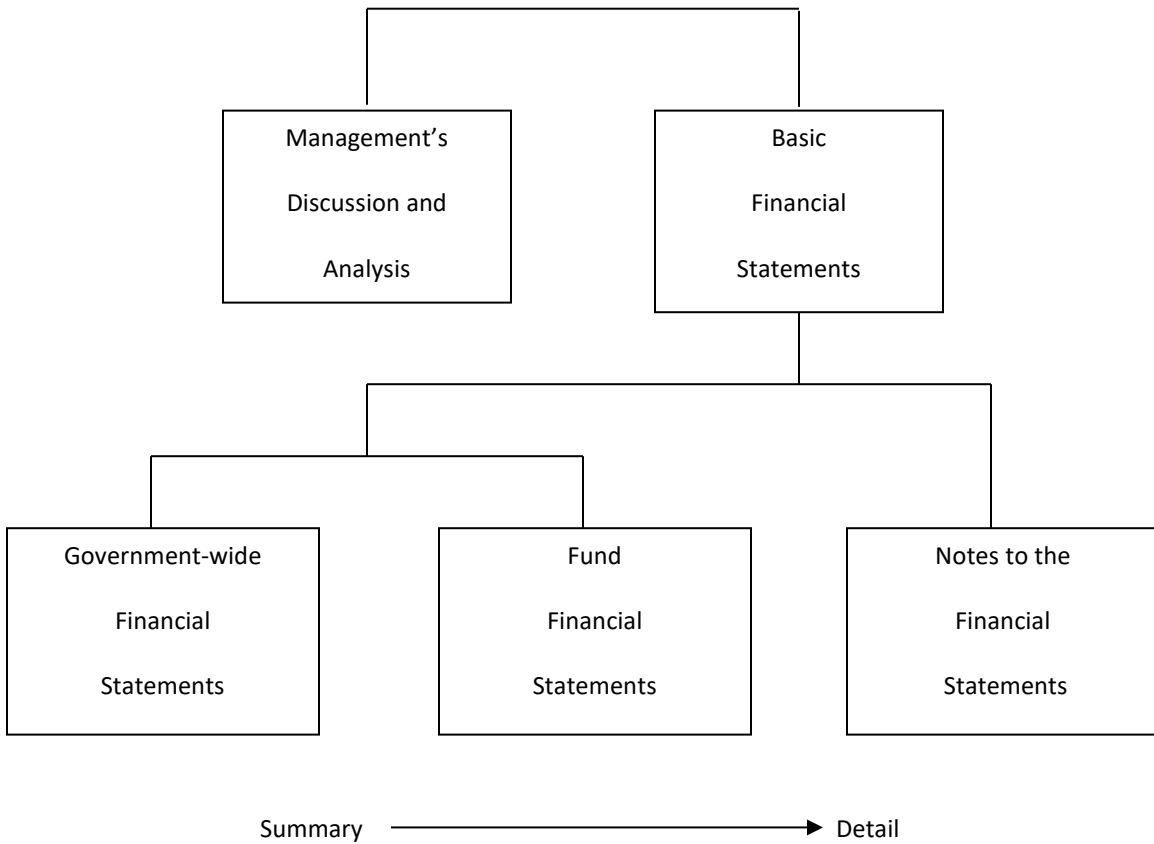
- The assets and deferred outflows of resources of the Town of Bladenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,804,104 (net position).
- The government's total net position increased by \$3,020,891 primarily due to the increase in the governmental type activity's net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,346,075 an increase of \$640,089. Approximately 38 percent of this total amount or \$899,350 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,320,332, or 60.10 percent of the total general fund expenditures for the fiscal year.
- The Town of Bladenboro's total debt decreased by \$67,799 during the current fiscal year. The key factor in this change was 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 22-43 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 44 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 2,584,371	\$ 2,203,133	\$ 1,721,647	\$ 1,427,771	\$ 4,306,018	\$ 3,630,904
Capital assets	4,916,818	3,913,641	7,903,868	6,548,720	12,820,686	10,462,361
Total assets	7,501,189	6,116,774	9,625,515	7,976,491	17,126,704	14,093,265
Deferred outflows of resources	327,232	369,281	64,541	62,023	391,773	431,304
Current and other liabilities	111,571	360,949	490,107	236,371	601,678	597,320
Long-term liabilities						
Due within one year	118,139	123,935	5,491	3,030	123,630	126,965
Due in more than one year	1,765,876	1,841,904	108,117	96,553	1,873,993	1,938,457
Total liabilities	1,995,586	2,326,788	603,715	335,954	2,599,301	2,662,742
Deferred inflows of resources	108,225	77,107	6,847	1,507	115,072	78,614
Net Position						
Net investment in capital assets	3,693,369	2,610,371	7,903,868	6,548,720	11,597,237	9,159,091
Restricted	899,350	525,246	-	-	899,350	525,246
Unrestricted	1,131,891	946,543	1,175,626	1,152,333	2,307,517	2,098,876
Total net position	\$ 5,724,610	\$ 4,082,160	\$ 9,079,494	\$ 7,701,053	\$ 14,804,104	\$ 11,783,213

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 \$14,804,104 as of June 30, 2024. The Town’s net position increased by \$3,020,891 for the fiscal year ended June 30, 2024. However, the largest portion \$11,597,237 (78%) 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 \$899,350 (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,307,517 (16%) 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 91.70%, which is less than the statewide average of 98.00%.
- Town received a grant funding for capital investment.
- Town received a grant from NCDEQ for water/sewer improvements.

Town of Bladenboro's Changes in Net Position
Figure 3

	Governmental Funds		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for Services	\$ 298,007	\$ 338,173	\$ 725,479	\$ 685,098	\$ 1,023,486	\$ 1,023,271
Operating Grants & Contributions	472,154	59,980	-	-	472,154	59,980
Capital Grants & Contributions	1,530,500	716,029	1,588,800	188,722	3,119,300	904,751
General Revenue						
Property Taxes	697,425	677,641	-	-	697,425	677,641
Other Taxes	5,620	5,953	-	-	5,620	5,953
Grants and contributions not restricted to specific programs	402,188	389,536	-	-	402,188	389,536
Investment Earnings	30,541	22,047	28,673	20,484	59,214	42,531
Other	13,781	71,326	5,840	5,840	19,621	77,166
Total Revenues	<u>3,450,216</u>	<u>2,280,685</u>	<u>2,348,792</u>	<u>900,144</u>	<u>5,799,008</u>	<u>3,180,829</u>
Expenses						
General Government	429,009	426,517	-	-	429,009	426,517
Public Safety	752,690	795,021	-	-	752,690	795,021
Transportation	293,433	234,477	-	-	293,433	234,477
Economic Development	200	200	-	-	200	200
Environmental Protection	174,753	134,613	-	-	174,753	134,613
Cultural and Recreation	44,030	41,738	-	-	44,030	41,738
Interest on Long-Term Debt	32,365	28,211	-	-	32,365	28,211
Water and Sewer Fund	-	-	1,051,637	828,251	1,051,637	828,251
Total Expenses	<u>1,726,480</u>	<u>1,660,777</u>	<u>1,051,637</u>	<u>828,251</u>	<u>2,778,117</u>	<u>2,489,028</u>
Increase in Net Position before						
Transfers	1,723,736	619,908	1,297,155	71,893	3,020,891	691,801
Transfers	(81,286)	-	81,286	-	-	-
Increase(Decrease) in Net Position	<u>1,642,450</u>	<u>619,908</u>	<u>1,378,441</u>	<u>71,893</u>	<u>3,020,891</u>	<u>691,801</u>
Net position - Beginning	4,082,160	3,462,252	7,701,053	7,629,160	11,783,213	11,091,412
Net position - Ending	<u>\$ 5,724,610</u>	<u>\$ 4,082,160</u>	<u>\$ 9,079,494</u>	<u>\$ 7,701,053</u>	<u>\$ 14,804,104</u>	<u>\$ 11,783,213</u>

Governmental activities: Governmental activities increased the Town's net position by \$1,642,450. Key element of this increase are as follows:

- The Town received grants for fire department and capital investments.

Business-type activities: Business-type activities refer to the Water/Sewer Fund which increased the Town of Bladenboro's net position by 1,378,441. Key element of this increase are as follows:

- Service revenue increased during the year.
- The Town received grant from NC DEQ for water/sewer improvements.

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 \$1,320,332 while total fund balance reached \$1,855,349. 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 60.10% of the total General Fund expenditures. Total fund balance represents 84.45% of that same amount.

At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$2,346,075 with a 37.52% 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 \$1,175,626. The increase in net position for this fund was \$1,378,441. 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, 2024, totals \$12,820,686 (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):

- Building and site preparation.
- Water and Sewer Equipment.

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

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and Construction in Progress	\$ 1,374,824	\$ 629,009	\$ 2,145,158	\$ 556,358	\$ 3,519,982	\$ 1,185,367
Buildings and Other Improvements	2,871,848	2,663,033	-	-	2,871,848	2,663,033
Plant and Distribution	-	-	5,731,785	5,956,279	5,731,785	5,956,279
Equipment	23,748	61,350	11,963	17,532	35,711	78,882
Vehicles	645,518	558,489	14,962	18,551	660,480	577,040
Infrastructure	880	1,760	-	-	880	1,760
	<u>\$ 4,916,818</u>	<u>\$ 3,913,641</u>	<u>\$ 7,903,868</u>	<u>\$ 6,548,720</u>	<u>\$ 12,820,686</u>	<u>\$ 10,462,361</u>

Additional information on the Town's capital assets can be found in notes beginning on page 30 of this report.

Long-term Debt. As of June 30, 2024, the Town of Bladenboro had no bonded debt outstanding.

Town of Bladenboro's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Direct Placement						
Installment Purchase	\$ 1,223,449	\$ 1,303,270	\$ -	\$ -	\$ 1,223,449	\$ 1,303,270
Capital Leases	-	-	-	-	-	-
Net Pension Liability - LGERS	381,923	363,223	107,722	96,553	489,645	459,776
Net Pension Liability - LEO	243,467	261,618	-	-	243,467	261,618
Compensated Absences	35,176	37,728	5,886	3,030	41,062	40,758
	<u>\$ 1,884,015</u>	<u>\$ 1,965,839</u>	<u>\$ 113,608</u>	<u>\$ 99,583</u>	<u>\$ 1,997,623</u>	<u>\$ 2,065,422</u>

Town of Bladenboro's Outstanding Debt

The Town of Bladenboro's Governmental Activities debt decreased by \$67,799 due to regular scheduled debt payments in excess of increased pension benefits. Debt for the Business Type Activities increased as a result of increased pension benefits.

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 \$7,356,509.

Additional information regarding the Town of Bladenboro's long-term debt can be found in the notes beginning on page 40 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, 2025

Governmental Activities: Property taxes will remain the same and garbage collection rates will increase 3.1% for 2024-2025. General Fund expenditures have been budgeted accordingly with only a small increase from the 2023-2024 Budget. The Town will continue its commitment to reducing the cost of delivering services.

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

Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash & cash equivalents	\$ 1,578,508	\$ 1,058,099	\$ 2,636,607
Restricted cash	532,466	86,210	618,676
Taxes receivable (Net)	156,952	-	156,952
Accounts Receivable (Net)	49,197	573,338	622,535
Due from other governments	267,248	-	267,248
Inventories	-	4,000	4,000
Total current assets	<u>2,584,371</u>	<u>1,721,647</u>	<u>4,306,018</u>
Non-current Assets:			
Capital Assets:			
Land and nondepreciable improvements	1,374,824	2,145,158	3,519,982
Other capital assets, net of depreciation	<u>3,541,994</u>	<u>5,758,710</u>	<u>9,300,704</u>
Total capital assets	<u>4,916,818</u>	<u>7,903,868</u>	<u>12,820,686</u>
Total Assets	<u>7,501,189</u>	<u>9,625,515</u>	<u>17,126,704</u>
Deferred Outflows of Resources:			
Pension Deferrals	<u>327,232</u>	<u>64,541</u>	<u>391,773</u>
Liabilities			
Current liabilities:			
Accounts Payable and Accrued Liabilities	80,153	403,897	484,050
Accrued Interest	31,418	-	31,418
Current Portion of Long-Term Liabilities	101,388	-	101,388
Compensated Absences	16,751	5,491	22,242
Payable From Restricted Assets			
Customer Deposits	-	86,210	86,210
Long-term Liabilities:			
Net Pension Liability-LGERS	381,923	107,722	489,645
Total Pension Liability-LEO	243,467	-	243,467
Due in More Than One Year	<u>1,140,486</u>	<u>395</u>	<u>1,140,881</u>
Total liabilities	<u>1,995,586</u>	<u>603,715</u>	<u>2,599,301</u>
Deferred Inflows of Resources			
Prepaid Taxes	1,191	-	1,191
Pension Deferrals	<u>107,034</u>	<u>6,847</u>	<u>113,881</u>
Total Deferred Inflows of Resources	<u>108,225</u>	<u>6,847</u>	<u>115,072</u>
Net Position			
Net Investments in Capital Assets	3,693,369	7,903,868	11,597,237
Restricted for:			
Stabilization by State Statute	316,565	-	316,565
Capital Investment	373,008	-	373,008
Transportation	159,312	-	159,312
Debt Service	50,465	-	50,465
Unrestricted	<u>1,131,891</u>	<u>1,175,626</u>	<u>2,307,517</u>
Total Net Position	<u>\$ 5,724,610</u>	<u>\$ 9,079,494</u>	<u>\$ 14,804,104</u>

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

Town of Bladenboro, North Carolina
Statement of Activities
For the Year Ended June 30, 2024

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	\$ 429,009	\$ 61,197	\$ 160,066	\$ 1,000,000	\$ 792,254	\$ -	\$ 792,254
Public Safety	752,690	36	189,742	-	(562,912)	-	(562,912)
Transportation	293,433	-	121,087	-	(172,346)	-	(172,346)
Economic Development	200	-	-	274,500	274,300	-	274,300
Environmental Protection	174,753	236,691	1,259	-	63,197	-	63,197
Cultural and Recreation	44,030	83	-	256,000	212,053	-	212,053
Interest on Long-Term Debt	32,365	-	-	-	(32,365)	-	(32,365)
Total Governmental Activities	<u>1,726,480</u>	<u>298,007</u>	<u>472,154</u>	<u>1,530,500</u>	<u>574,181</u>	<u>-</u>	<u>574,181</u>
Business-Type Activities:							
Water and Sewer Fund	1,051,637	725,479	-	1,588,800	-	1,262,642	1,262,642
Total Business-Type Activities	<u>1,051,637</u>	<u>725,479</u>	<u>-</u>	<u>1,588,800</u>	<u>-</u>	<u>1,262,642</u>	<u>1,262,642</u>
Total Primary Government	<u>\$ 2,778,117</u>	<u>\$ 1,023,486</u>	<u>\$ 472,154</u>	<u>\$ 3,119,300</u>	<u>574,181</u>	<u>1,262,642</u>	<u>1,836,823</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					697,425	-	697,425
Other taxes					5,620	-	5,620
Grants and contributions not restricted to specific programs					402,188	-	402,188
Unrestricted investment earnings					30,541	28,673	59,214
Miscellaneous					13,781	5,840	19,621
Total general revenues not including transfers					<u>1,149,555</u>	<u>34,513</u>	<u>1,184,068</u>
Transfers					(81,286)	81,286	-
Total general revenues and transfers					<u>1,068,269</u>	<u>115,799</u>	<u>1,184,068</u>
Change in net position					<u>1,642,450</u>	<u>1,378,441</u>	<u>3,020,891</u>
Net position - Beginning					<u>4,082,160</u>	<u>7,701,053</u>	<u>11,783,213</u>
Net position - Ending					<u>\$ 5,724,610</u>	<u>\$ 9,079,494</u>	<u>\$ 14,804,104</u>

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

Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds				Total Governmental Funds
	General	PARTF Park Capital Project	Capital Investment Grant Fund	American Rescue Plan Fund	
Assets:					
Cash and cash equivalents	\$ 1,455,094	\$ 123,414	\$ -	\$ -	\$ 1,578,508
Restricted cash	159,312	-	373,008	146	532,466
Receivables (net):					
Taxes	130,525	-	-	-	130,525
Accounts	49,197	-	-	-	49,197
Due from other funds	120	-	-	-	120
Due from other governments	267,248	-	-	-	267,248
Total assets	<u>\$ 2,061,496</u>	<u>\$ 123,414</u>	<u>\$ 373,008</u>	<u>\$ 146</u>	<u>\$ 2,558,064</u>
Liabilities:					
Accounts payable & accrued liabilities	\$ 74,431	\$ -	\$ 5,722	\$ -	\$ 80,153
Due to other funds	-	-	20	100	120
Total liabilities	<u>74,431</u>	<u>-</u>	<u>5,742</u>	<u>100</u>	<u>80,273</u>
Deferred Inflows of Resources:					
Property taxes receivable	130,525	-	-	-	130,525
Prepaid taxes	1,191	-	-	-	1,191
Total deferred inflows of resources	<u>131,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,716</u>
Fund Balances:					
Restricted					
Stabilization by state statute	316,565	-	-	-	316,565
Capital Investment			373,008		373,008
Transportation	159,312	-	-	-	159,312
Debt Service	50,465	-	-	-	50,465
Committed					
Equipment Capital Reserve	8,675	-	-	-	8,675
Cultural and Recreation	-	123,414	-	-	123,414
Assigned					
Subsequent years' expenditures	-	-	-	-	-
Unassigned	1,320,332	-	(5,742)	46	1,314,636
Total fund balances	<u>1,855,349</u>	<u>123,414</u>	<u>367,266</u>	<u>46</u>	<u>2,346,075</u>
Total liabilities & deferred inflows of resources and fund balances	<u>\$ 2,061,496</u>	<u>\$ 123,414</u>	<u>\$ 373,008</u>	<u>\$ 146</u>	<u>\$ 2,558,064</u>

Town of Bladenboro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3

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

Total Fund Balance, Governmental Funds	\$	2,346,075
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	7,339,074
Accumulated depreciation		<u>(2,422,256)</u>
		4,916,818
Deferred outflows of resources related to pensions are not reported in the funds		
		327,232
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.		
		26,427
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
		130,525
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt		(1,258,625)
Net pension liability		(381,923)
Total pension liability		(243,467)
		(107,034)
Deferred inflows of resources related to pensions are not reported in the funds		
		(31,418)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
Net position of government activities	\$	<u><u>5,724,610</u></u>

Town of Bladenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4

	Major Fund				Total Governmental Funds
	General	PARTF Park Capital Project	Capital Investment Grant Fund	American Rescue Plan Fund	
Revenues					
Ad valorem taxes	\$ 708,119	\$ -	\$ -	\$ -	\$ 708,119
Other taxes and licenses	5,620	-	-	-	5,620
Unrestricted intergovernmental	402,188	-	-	-	402,188
Restricted intergovernmental	634,237	-	1,000,000	257,029	1,891,266
Permits and fees	2,171	-	-	-	2,171
Sales and services	406,274	-	-	-	406,274
Investment earnings	29,369	-	590	582	30,541
Miscellaneous	14,731	-	-	-	14,731
Total revenues	<u>2,202,709</u>	<u>-</u>	<u>1,000,590</u>	<u>257,611</u>	<u>3,460,910</u>
Expenditures					
Current:					
General government	391,658	-	633,324	-	1,024,982
Public safety	599,347	-	-	-	599,347
Transportation	262,082	-	-	-	262,082
Economic development	274,700	-	-	-	274,700
Environmental protection	174,753	-	-	-	174,753
Cultural and recreation	290,557	-	-	-	290,557
Debt service:					
Principal	103,962	-	-	-	103,962
Interest	33,293	-	-	-	33,293
Total expenditures	<u>2,130,352</u>	<u>-</u>	<u>633,324</u>	<u>-</u>	<u>2,763,676</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>72,357</u>	<u>-</u>	<u>367,266</u>	<u>257,611</u>	<u>697,234</u>
Other financing sources (uses)					
Transfers From Other Funds	176,797	90,687	-	-	267,484
Transfers To Other Funds	(90,687)	-	-	(258,083)	(348,770)
Proceeds From Installment Financing	24,141	-	-	-	24,141
Total Other Financing Sources (Uses)	<u>110,251</u>	<u>90,687</u>	<u>-</u>	<u>(258,083)</u>	<u>(57,145)</u>
Net Change in Fund Balance	182,608	90,687	367,266	(472)	640,089
Fund Balances, Beginning	1,672,741	32,727	-	518	1,705,986
Fund Balances, Ending	<u>\$ 1,855,349</u>	<u>\$ 123,414</u>	<u>\$ 367,266</u>	<u>\$ 46</u>	<u>\$ 2,346,075</u>

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

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, 2024

Exhibit 4,
Continued

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

Net changes in fund balances - total governmental funds	\$	640,089
<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	\$ 1,201,486	
Depreciation expense for governmental assets	<u>(198,309)</u>	1,003,177
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Activities		52,295
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		4,955
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.		(10,694)
<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	(24,141)	
Principal payments on long-term debt	103,962	
Decrease in accrued interest payable	<u>928</u>	80,749
<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	2,552	
Pension expense	<u>(130,673)</u>	<u>(128,121)</u>
Total changes in net position of governmental activities.	\$	<u><u>1,642,450</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, 2024

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 620,100	\$ 684,543	\$ 708,119	\$ 23,576
Other taxes and licenses	5,000	5,000	5,620	620
Unrestricted intergovernmental	384,000	384,000	402,188	18,188
Restricted intergovernmental	66,500	706,500	634,237	(72,263)
Permits and Fees	700	700	2,171	1,471
Sales and services	325,742	388,879	406,274	17,395
Investment earnings	15,632	15,632	29,369	13,737
Miscellaneous	114,260	93,260	14,731	(78,529)
Total revenues	<u>1,531,934</u>	<u>2,278,514</u>	<u>2,202,709</u>	<u>(75,805)</u>
Expenditures:				
Current:				
General government	349,298	404,449	391,658	12,791
Public safety	825,066	769,062	599,347	169,715
Transportation	314,975	342,418	262,082	80,336
Economic development	7,200	303,700	274,700	29,000
Environmental protection	164,000	180,747	174,753	5,994
Cultural and recreation	22,400	360,524	290,557	69,967
Debt service	138,495	149,968	137,255	12,713
Total expenditures	<u>1,821,434</u>	<u>2,510,868</u>	<u>2,130,352</u>	<u>380,516</u>
Revenues over (under) expenditures	<u>(289,500)</u>	<u>(232,354)</u>	<u>72,357</u>	<u>304,711</u>
Other financing sources (uses):				
Transfer to Other Funds	-	(90,688)	(90,687)	1
Transfer from Other Funds	257,000	175,713	176,797	1,084
Proceeds From Installment Financing	-	24,141	24,141	-
Total other financing sources (uses)	<u>257,000</u>	<u>109,166</u>	<u>110,251</u>	<u>1,085</u>
Fund Balance Appropriated	<u>32,500</u>	<u>123,188</u>	<u>-</u>	<u>(123,188)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>182,608</u>	<u>\$ 182,608</u>
Fund balances, beginning			<u>1,672,741</u>	
Fund balances, ending			<u>\$ 1,855,349</u>	

Town of Bladenboro, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2024

Exhibit 6

	Major Enterprise Fund	Water and Sewer Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,058,099	
Restricted cash	86,210	
Accounts receivable (net) - billed	526,416	
Accounts receivable (net) - unbilled	46,922	
Inventories	4,000	
Total		1,721,647
Non-Current Assets:		
Capital Assets:		
Land and other non-depreciable assets	2,145,158	
Other capital assets, net of depreciation	5,758,710	
Total capital assets		7,903,868
Total assets		9,625,515
Deferred Outflows of Resources		
Pension Deferrals		64,541
Total Deferred Outflows of Resources		64,541
Liabilities		
Current liabilities:		
Accounts payable and Accrued Liabilities	403,897	
Compensated Absences	5,491	
Total		409,388
Noncurrent liabilities:		
Liabilities payable from restricted assets:		
Customer deposits	86,210	
Net Pension Liability	107,722	
Compensated Absences	395	
Total		194,327
Total liabilities		603,715
Deferred Inflows of Resources		
Pension Deferrals		6,847
Total Deferred Inflows of Resources		6,847
Net position		
Net investments in capital assets		7,903,868
Unrestricted		1,175,626
Total net position		\$ 9,079,494

Town of Bladenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2024

Exhibit 7

	Major Enterprise Fund
	Water and Sewer Fund
Operating revenues:	
Charges for Services	\$ 718,604
Other Operating Revenues	6,875
Total	725,479
Operating Expenses:	
Administration	117,946
Water Operations	221,767
Sewer Operations	132,269
Waste Collections and Treatment	346,004
Depreciation	233,652
Total	1,051,637
Operating income	(326,158)
Nonoperating revenues (expenses):	
Investment earnings	28,673
Miscellaneous Revenue	5,840
Total nonoperating revenues/(expenses)	34,513
Income (loss) before contributions and transfers	(291,645)
Transfer to Other Fund	81,286
Capital Contributions - Grant	1,588,800
Change in net position	1,378,441
Net position - Beginning	7,701,053
Net position - Ending	\$ 9,079,494

Town of Bladenboro, North Carolina
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2024

Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 770,660
Cash paid for goods and services	(788,006)
Cash paid to employees for services	(133,321)
Customer deposits received	4,925
Other operating revenues	6,875
Net cash provided by (used) operating activities	(138,867)
Cash flows from noncapital financing activities:	
Other Nonoperating Income	5,840
Transfers in(out)	162,572
Net cash provided by (used) noncapital financing activities:	168,412
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(1,219,800)
Capital Contributions - Grants	1,219,800
Net cash provided by (used) capital and related financing activities	-
Cash flows from investing activities:	
Interest on investments	28,673
Net decrease in cash and cash equivalents	58,218
Cash and cash equivalents:	
Beginning of year, July 1	1,086,091
End of year, June 30	\$ 1,144,309
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (326,158)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	233,652
Changes in assets, deferred in/outflows of resources and liabilities:	
(Increase)/Decrease in accounts receivable	52,056
(Increase)/Decrease in deferred outflows of resources-pensions	(2,518)
Increase/(Decrease) in net pension liability	11,169
Increase/(Decrease) in deferred inflows of resources-pensions	5,340
Increase/(Decrease) in accounts payable and accrued liabilities	(120,189)
Increase/(Decrease) in accrued vacation	2,856
Increase/(Decrease) in customer deposits	4,925
Total adjustments	187,291
Net cash provided by (used) operating activities	\$ (138,867)

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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

American Rescue Plan Fund – This fund is used to account for the funding received for this program.

Capital Investment Grant Fund – This fund is to account for a grant received for improvement projects.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

The Town has no non-major governmental funds.

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.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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. Issuance 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, 2024

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.

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 North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investor Services and reported at fair value

TOWN OF BLADENBORO, NORTH CAROLINA
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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. ARPA and Capital Investment grant funds provided the grant funding in advance of the related expenditures, all unspent cash is restricted.

Town of Bladenboro Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 159,312
Capital Investment Grant Fund	373,008
American Rescue Plan Fund	146
Total Governmental Activities	\$ 532,466
Business Type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 86,210
Total Business Type Activities	\$ 86,210
Total Restricted Cash	\$ 618,676

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, 2023. 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.

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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 nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

Restricted for Capital Investment Grant Fund - Portion of fund balance that is restricted by revenue source as identified in the grant scope and agreement. 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 Cultural and Recreation – portion of fund balance assigned for the future use to make improvements to the Town's recreation facilities.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Committed for Equipment Capital Reserve – portion of fund balance assigned for the future purchases of equipment.

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

N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year. The audit report was issued three months after the required due date of October 31, 2024. The Town needed additional time to allow the financial statements to be prepared due to the turnover of the finance officer and town administrator. Management and governing body are in the process of evaluating policies and procedures and expect this to be completed and not affect future audits.

According to G.S. 159-28(a), the Finance Officer is required to perform the preaudit process on all purchase orders, credit card purchases, employment agreements, internet orders, and service contracts. There were instances where this was not followed. Management and governing body are in the process of evaluating policies and procedures and expect this to be completed and not affect future audits.

Deficit in Fund Balance or Net Position of Individual Funds

None.

B. Excess of Expenditures over Appropriations

None.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024, the Town's deposits had a carrying amount of \$1,658,066 and a bank balance of \$1,794,114. Of the bank balance, \$537,745 was covered by federal depository insurance and the remaining \$1,256,369 was covered by collateral and held under the Pooling Method. Cash on hand was \$150.

Investments

At June 30, 2024, the Town had \$1,597,067 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	6/30/2024
General Fund	
Taxes Receivable	\$ 35,412
Accounts Receivable	-
Total	35,412
Enterprise Funds:	-
Total	\$ 35,412

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustment</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:					
Capital Assets not Being Depreciated:					
Land	\$ 471,979	\$ 269,521	\$ -	\$ -	\$ 741,500
Construction in Progress	157,030	907,824	-	431,530	633,324
Total Capital Assets not Being Depreciated:	<u>629,009</u>	<u>1,177,345</u>	<u>-</u>	<u>431,530</u>	<u>1,374,824</u>
Capital Assets Being Depreciated:					
Buildings	2,361,953	431,530	-	-	2,793,483
Other Improvements	824,788	-	(155,000)	-	669,788
Equipment	520,422	-	-	13,900	506,522
Vehicles	1,818,698	24,141	155,000	25,382	1,972,457
Infrastructure	22,000	-	-	-	22,000
Total Capital Assets Being Depreciated:	<u>5,547,861</u>	<u>455,671</u>	<u>-</u>	<u>39,282</u>	<u>5,964,250</u>
Less Accumulated Depreciation for:					
Buildings	453,184	54,308	-	-	507,492
Other Improvements	70,524	13,407	-	-	83,931
Equipment	459,072	37,602	-	13,900	482,774
Vehicles	1,260,209	92,112	-	25,382	1,326,939
Infrastructure	20,240	880	-	-	21,120
Total Accumulated Depreciation	<u>2,263,229</u>	<u>\$ 198,309</u>	<u>\$ -</u>	<u>\$ 39,282</u>	<u>2,422,256</u>
Total Capital Assets Being Depreciated, net	<u>3,284,632</u>				<u>3,541,994</u>
Governmental Activity Capital Assets, net	<u>\$ 3,913,641</u>				<u>\$ 4,916,818</u>

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

General Government	\$ 25,189
Public Safety	104,108
Transportation	46,018
Cultural and Recreational	22,994
Total Depreciation Expense	<u>\$ 198,309</u>

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

	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	90,000	1,588,800	-	1,678,800
Total Capital Assets not Being Depreciated:	556,358	1,588,800	-	2,145,158
Capital Assets Being Depreciated:				
Plant and Distribution	11,241,962	-	-	11,241,962
Equipment	143,060	-	7,631	135,429
Vehicles	73,730	-	-	73,730
Total Capital Assets Being Depreciated:	11,458,752	-	7,631	11,451,121
Less Accumulated Depreciation for:				
Plant and Distribution	5,285,683	224,494	-	5,510,177
Equipment	125,528	5,569	7,631	123,466
Vehicles	55,179	3,589	-	58,768
Total Accumulated Depreciation	5,466,390	\$ 233,652	\$ 7,631	5,692,411
Total Capital Assets Being Depreciated, net	5,992,362			5,758,710
Water and Sewer Capital Assets, Net	\$ 6,548,720			\$ 7,903,868

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024, was 13.04% of compensation for law enforcement officers and 12.10% 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 \$67,045 for the year ended June 30, 2024.

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, 2024, the Town reported a liability of \$489,645 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the Town's proportion was 0.00739%, which was a decrease of 0.00076% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the Town recognized pension expense of \$131,629. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,561	\$ 1,175
Changes of assumptions	20,807	-
Net difference between projected and actual earnings on pension plan investments	131,050	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,114	29,946
Town contributions subsequent to the measurement date	75,838	-
Total	\$ 293,370	\$ 31,121

\$75,838 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 70,659
2026	31,016
2027	79,195
2028	5,541
2029	-
Thereafter	-
	\$ 186,411

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 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	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm's 2024 long term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2023 Annual Comprehensive Financial Report published on website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 848,290	\$ 489,645	\$ 194,374

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2022, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	1
Active Members	6
Total Membership	7

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 Assumption

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022.

Mortality rates are projected from 2010 using generational improvement with Scale RP-2019.

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 \$9,910 as benefits came due for the reporting period.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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

At June 30, 2024, the Town reported a total pension liability of \$243,467. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$42,032.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,613	\$ 43,594
Changes of assumptions and other inputs	29,835	39,166
Benefit payments and administrative expenses subsequent to the measurement date.	4,955	-
Total	\$ 98,403	\$ 82,760

\$4,955 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 22,217
2026	2,451
2027	(2,896)
2028	(5,025)
2029	(4,783)
Thereafter	(1,276)
	\$ 10,688

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 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 265,896	\$ 243,467	\$ 223,045

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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

	2024
Beginning balance	\$ 261,618
Service Cost	8,253
Interest on the total pension liability	11,062
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(33,730)
Changes of assumptions or other inputs	6,174
Benefit payments	(9,910)
Other changes	-
Ending balance of the total pension liability	\$ 243,467

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, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employee's Retirement System for the five year period ending December 31, 2019.

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	\$ 131,629	\$ 42,032	\$ 173,661
Pension Liability	489,645	243,467	733,112
Proportionate share of the net pension liability	0.00739%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	54,561	63,613	118,174
Changes of assumptions	20,807	29,835	50,642
Net difference between projected and actual earnings on plan investments	131,050	-	131,050
Changes in proportion and differences between contributions and proportionate share of contributions	11,114	-	11,114
Benefit payments and administrative costs paid subsequent to the measurement date	75,838	4,955	80,793
Deferred of Inflows of Resources			
Differences between expected and actual experience	1,175	43,594	44,769
Changes of assumptions	-	39,166	39,166
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 29,946	\$ -	\$ 29,946

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes 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, 2024 were \$17,710, which consisted of \$12,889 from the Town and \$4,821 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, 2024 were \$22,563, which consisted of \$15,332 from the Town and \$7,231 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for 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. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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	\$ 75,838
Benefit payments made and administrative expenses for LEOSSA made subsequent to the measurement date	4,955
Differences between expected and actual experience	118,174
Changes of assumptions	50,642
Net difference between projected and actual earnings on pension plan investments	131,050
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,114
Total	<u>\$ 391,773</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)	\$ 1,191	\$ 1,191
Taxes Receivable (General Fund)	-	130,525
Differences between expected and actual experience	44,769	-
Changes of assumptions	39,166	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,946	-
Total	<u>\$ 115,072</u>	<u>\$ 131,716</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.

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 finance officer is individually bonded for \$250,000, \$250,000 on the tax collector, and a blanket bond for \$250,000 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.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024.

9. Long-Term Obligations

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 \$133,753. 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 \$810,317. Maturity is July 2055.
3. 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 \$16,668. Maturity is November 2024.
4. First Bank direct placement agreement dated August 24, 2023 for purchase of a 2018 utility vehicle, payable in three annual payments of \$8,830, including interest at 4.72%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$24,141. Maturity is August 2026.
5. Home Trust Bank direct placement agreement dated November 13, 2020 for purchase of a fire truck, payable in eleven annual payments of \$22,939, including interest at 2.39%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$146,261. Maturity is August 2031.
6. Four County Electric Membership Coop direct placement agreement dated March 23, 2022 for purchase of park lighting, payable in nineteen quarterly payments of \$6,356 and one final installment of \$4,236, including interest at 0.0%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$80,508. Maturity is April 2027.
7. First bank direct placement agreement dated August 21, 2020 for purchase of a 2021 utility vehicle, payable in three annual payments of \$11,703, including interest at 1.69%. The property is pledged as collateral for the debt while the debt is outstanding. Outstanding balance at year end was \$11,801. Maturity is August 2024.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

For The Town of Bladenboro, the future minimum payments as of June 30, 2024 are as follows:

Year Ending 30-Jun	Governmental Activities	
	Principal	Interest
2025	\$ 101,388	\$ 38,616
2026	74,454	36,455
2027	76,005	34,846
2028	47,708	33,183
2029	44,780	31,875
2030-2034	174,509	139,953
2035-2039	155,244	113,340
2040-2044	138,861	85,924
2045-2098	150,853	61,641
2050-2054	179,167	33,328
2055-2059	80,480	4,245
Total	\$ 1,223,449	\$ 613,406

At June 30, 2024, Town of Bladenboro had a legal debt margin of \$7,356,489.

Changes in General Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Direct Placement					
Installment Purchase	\$ 1,303,270	\$ 24,141	\$ (103,962)	\$ 1,223,449	\$ 101,388
Net Pension Liability - LGERS	363,223	18,700	-	381,923	-
Net Pension Liability - LEO	261,618	-	(18,151)	243,467	-
Compensated Absences	37,728	16,751	(19,303)	35,176	16,751
Total Governmental Activities	\$ 1,965,839	\$ 59,592	\$ (141,416)	\$ 1,884,015	\$ 118,139
Business-Type Activities:					
Water and Sewer Fund					
Net Pension Liability - LGERS	\$ 96,553	\$ 11,169	\$ -	\$ 107,722	\$ -
Compensated Absences	3,030	5,491	(2,635)	5,886	5,491
Total Water and Sewer Fund	\$ 99,583	\$ 16,660	\$ (2,635)	\$ 113,608	\$ 5,491

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

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

10. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2024, consist of the following:

American Rescue Plan Fund owes the General Fund for the funds used to open the ARP bank account	\$ 100
Capital Investment Grant Fund owes the General Fund for funds used to open the bank account.	20
	\$ 120

Transfers	
From	To

Transfers to/from other funds at June 30, 2024, consist of the following:

General Fund	\$ 90,687	\$ -
PARTF Parks Capital Project (Local Match)	-	90,687
American Rescue Plan Fund	258,083	
Water and Sewer Fund	-	176,797
General Fund	-	81,286
Total operating transfers - other funds	\$ 348,770	\$ 348,770

Above transfer to PARTF was for the local match of the park project.

Above transfers from the American Rescue Plan Fund were for expenditures related to revenue replacement.

11. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance-General Fund	\$1,855,349
Less:	
Stabilization by State Statute	316,565
Debt Service	50,465
Streets - Powell Bill	159,312
Equipment Reserve	8,675
Appropriated Fund Balance in 2025 Budget	0
Remaining Fund Balance	\$1,320,332

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.

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 \$808 to the Council during the fiscal year ended June 30, 2024.

TOWN OF BLADENBORO, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

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 31, 2025 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 Ten Fiscal Years *

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset) (%)	0.00739%	0.00815%	0.00738%	0.00700%	0.00854%	0.00820%	0.00703%	0.00908%	0.0081%	0.0097%
Town's proportion of the net pension liability (asset) (\$)	\$ 489,645	\$ 459,776	\$ 113,179	\$ 250,140	\$ 233,221	\$ 194,532	\$ 107,398	\$ 192,707	\$ 36,441	(56,970)
Town's covered-employee payroll	\$ 534,614	\$ 532,816	\$ 531,551	\$ 551,035	\$ 515,692	\$ 501,981	\$ 472,275	\$ 494,402	\$ 488,266	480,600
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.59%	86.29%	21.29%	45.39%	45.22%	38.75%	22.74%	38.98%	7.46%	-11.85%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

* 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 Ten Fiscal Years

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 75,838	\$ 67,045	\$ 62,194	\$ 55,650	\$ 50,184	\$ 41,604	\$ 39,413	\$ 35,732	\$ 34,007	35,241
Contributions in relation to the contractually required contribution	75,838	67,045	62,194	55,650	50,184	41,604	39,413	35,732	34,007	35,241
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 566,175	\$ 534,614	\$ 532,816	\$ 531,551	\$ 551,035	\$ 515,692	\$ 501,981	\$ 472,275	\$ 494,402	488,266
Contributions as a percentage of covered-employee payroll	13.39%	12.54%	11.67%	10.47%	9.11%	8.07%	7.85%	7.57%	6.96%	7.22%

Town of Bladenboro, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Beginning balance	\$ 261,618	\$ 262,441	\$ 241,981	\$ 215,949	\$ 79,862	\$ 63,536	81,457
Service Cost	8,253	12,553	12,820	6,594	7,914	4,650	3,020
Interest on the total pension liability	11,062	5,793	4,575	6,878	2,689	1,741	2,838
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(33,730)	42,321	20,568	(42,178)	130,336	29,492	(10,579)
Changes of assumptions or other inputs	6,174	(51,580)	(7,593)	64,648	7,118	(2,685)	\$ 2,649.00
Benefit payments	(9,910)	(9,910)	(9,910)	(9,910)	(11,970)	(16,872)	(15,849)
Other changes	-	-	-	-	-	-	\$ -
Ending balance of the total pension liability	<u>\$ 243,467</u>	<u>\$ 261,618</u>	<u>\$ 262,441</u>	<u>\$ 241,981</u>	<u>\$ 215,949</u>	<u>\$ 79,862</u>	<u>\$ 63,536</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, 2024

	2024	2023	2022	2021	2020	2019	2018
Total pension liability	\$ 243,467	\$ 261,618	\$ 261,618	\$ 262,441	\$ 241,981	\$ 215,949	\$ 79,862
Covered payroll	277,341	250,734	271,234	225,628	282,141	254,107	194,180
Total pension liability as a percentage of covered payroll	87.79%	104.34%	96.45%	116.32%	85.77%	84.98%	41.13%

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.

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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 694,716	
Penalties and interest		13,403	
Total	\$ 684,543	708,119	\$ 23,576
Other taxes and licenses:			
Motor Vehicle Tax		5,620	
Total	5,000	5,620	620
Unrestricted intergovernmental:			
Local Option Sales Tax		291,660	
Utility Sales Tax		86,348	
Video Franchise Tax		8,424	
Telecom Sales Tax		7,923	
Beer and Wine Tax		7,833	
Total	384,000	402,188	18,188
Restricted intergovernmental:			
Powell Bill Allocation		64,012	
Solid Waste Disposal Tax		1,259	
Grants		568,966	
Total	706,500	634,237	(72,263)
Permits & Fees:			
Planning and zoning fees		2,120	
Beer/Wine Permit		15	
Court fees		36	
Total	700	2,171	1,471
Sales and services:			
Sanitation Fees		236,691	
Fire District Contract		110,438	
Recreation Revenue		83	
Administration Fee		44,462	
Rent		14,600	
Total Sales and Services	388,879	406,274	17,395
Investment earnings:			
Regular		29,369	
Total Other Revenues	15,632	29,369	13,737

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, 2024

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Police Christmas		950	
Miscellaneous		13,781	
Total Other Revenues	93,260	14,731	(78,529)
Total Revenues	2,278,514	2,202,709	(75,805)
Expenditures:			
General government:			
Governing body:			
Salaries		22,682	
Professional Services		103,962	
Employee Benefits		1,835	
Insurance		2,500	
Capital outlay		-	
Miscellaneous		3,129	
Total	134,499	134,108	391
Administration:			
Salaries		99,513	
Employee Benefits		38,652	
Operating Expenses		42,310	
Capital outlay		-	
Total	189,276	180,475	8,801
Public Buildings:			
Utilities		26,625	
Maintenance		2,961	
Departmental Supplies		2,581	
Other operating expenditures		5,323	
Insurance		39,585	
Capital Outlay		-	
Total	80,674	77,075	3,599
Total General Government	404,449	391,658	12,791

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, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public safety:			
Police:			
Salaries		264,419	
Special separation allowance		14,899	
Employee Benefits		103,156	
Vehicle maintenance		26,405	
Other operating expenditures		31,481	
Capital outlay		24,141	
Total	<u>465,393</u>	<u>464,501</u>	<u>892</u>
Fire:			
Salaries		5,700	
Employee benefits		2,350	
Vehicle maintenance		13,463	
Fireman's Relief Fund			
Other operating expenditures		58,687	
Capital outlay		54,646	
Total	<u>303,669</u>	<u>134,846</u>	<u>168,823</u>
Total Public Safety	<u>769,062</u>	<u>599,347</u>	<u>169,715</u>
Transportation:			
Streets and highways:			
Salaries		93,200	
Employee Benefits		43,903	
Vehicle maintenance		12,173	
Operating Expenses		71,822	
Capital Outlay		-	
Total Streets and Highways	<u>227,113</u>	<u>221,098</u>	<u>6,015</u>
Powell Bill:			
Operating Expenses		40,984	
Total Powell Bill	<u>115,305</u>	<u>40,984</u>	<u>74,321</u>
Total Transportation	<u>342,418</u>	<u>262,082</u>	<u>80,336</u>
Economic Development:			
Donations		200	
Capital Outlay		274,500	
Total Economic Development	<u>303,700</u>	<u>274,700</u>	<u>29,000</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, 2024

	Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Solid Waste:			
Operating Expenses		174,753	
Total Environmental Protection	180,747	174,753	5,994
Culture and recreation:			
Recreation Department:			
Operating Expenses		11,918	
Capital Outlay		269,521	
Total Recreation Department	350,580	281,439	69,141
Library:			
Contracted Services		7,000	
Operating Expenses		718	
Capital Outlay		-	
Total Library	8,544	7,718	826
Community Events	1,400	1,400	-
Total Culture and Recreation	360,524	290,557	69,967
Debt service:			
Principal retirement		103,962	
Interest and fees		33,293	
Total Debt Service	149,968	137,255	12,713
Total Expenditures	2,510,868	2,130,352	380,516
Revenues over (under) expenditures	(232,354)	72,357	304,711
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
From ARPA Fund	175,713	176,797	1,084
To PARTF Park Project	(90,688)	(90,687)	1
Proceeds from Installment Financing	24,141	24,141	-
Total Other Financing Sources(Uses)	109,166	110,251	1,085
Fund Balance Appropriated	123,188	-	(123,188)
Net Change in Fund Balance	\$ -	182,608	\$ 182,608
Fund Balances, Beginning		1,672,741	
Fund Balances, Ending		\$ 1,855,349	

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, 2024

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental					
PARTF	\$ 200,595	\$ 200,595	\$ -	\$ 200,595	\$ -
Total Restricted Intergovernmental	<u>200,595</u>	<u>200,595</u>	<u>-</u>	<u>200,595</u>	<u>-</u>
Total Revenues	<u>200,595</u>	<u>200,595</u>	<u>-</u>	<u>200,595</u>	<u>-</u>
Expenditures:					
Cultural and Recreational					
Operating Cost		20	-	20	
Capital Outlay		532,893	-	532,893	
Total Expenditures	<u>664,269</u>	<u>532,913</u>	<u>-</u>	<u>532,913</u>	<u>131,356</u>
Revenue over (under) Expenditures	<u>(463,674)</u>	<u>(332,318)</u>	<u>-</u>	<u>(332,318)</u>	<u>131,356</u>
Other Financing Sources (Uses)					
Proceeds from Installment Financing	125,000	125,000	-	125,000	-
Transfers To/From Other Funds:					
From General Fund	338,674	240,045	90,687	330,732	(7,942)
Total Other Financing Sources(Uses)	<u>463,674</u>	<u>365,045</u>	<u>90,687</u>	<u>455,732</u>	<u>(7,942)</u>
Excess of Revenue and Other Sources over (Under) Expenditures	\$ <u>-</u>	\$ <u>32,727</u>	90,687	\$ <u>123,414</u>	\$ <u>123,414</u>
Fund Balances, beginning			<u>32,727</u>		
Fund Balances, ending			\$ <u>123,414</u>		

Town of Bladenboro, North Carolina
American Rescue Plan Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental Revenue					
ARP Funds	\$ 514,059	\$ 257,029	\$ 257,029	\$ 514,058	\$ (1)
Other Income					
Interest Income	-	518	582	1,100	1,100
Total Revenue	<u>514,059</u>	<u>257,547</u>	<u>257,611</u>	<u>515,158</u>	<u>1,099</u>
Other Financing Sources (Uses)					
Transfers Out	<u>(514,059)</u>	<u>(257,029)</u>	<u>(258,083)</u>	<u>(515,112)</u>	<u>(1,053)</u>
Total Other Financing Sources(Uses)	<u>(514,059)</u>	<u>(257,029)</u>	<u>(258,083)</u>	<u>(515,112)</u>	<u>(1,053)</u>
Revenues and Other Sources Over Other Uses	\$ <u>-</u>	\$ <u>518</u>	(472)	\$ <u>46</u>	\$ <u>46</u>
Fund Balances, beginning			518		
Fund Balances, ending			<u>\$ 46</u>		

Town of Bladenboro, North Carolina
Capital Investment Grant Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental Grant Revenue	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Interest Income	-	-	590	590	590
Total Revenues	<u>1,000,000</u>	<u>-</u>	<u>1,000,590</u>	<u>1,000,590</u>	<u>590</u>
Expenditures:					
Operating Expenditures		-	633,324	633,324	
Capital Outlay		-	-	-	
Total Expenditures	<u>1,000,000</u>	<u>-</u>	<u>633,324</u>	<u>633,324</u>	<u>366,676</u>
Revenue over (under) Expenditures	<u>-</u>	<u>-</u>	<u>367,266</u>	<u>367,266</u>	<u>367,266</u>
Excess of Revenue and Other Sources over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	367,266	<u>\$ 367,266</u>	<u>\$ 367,266</u>
Fund Balances, beginning			-		
Fund Balances, ending			<u>\$ 367,266</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water and Sewer Sales	\$	\$ 661,289	\$
Taps and Connection Fees		57,315	
Miscellaneous		6,875	
Total	<u>674,345</u>	<u>725,479</u>	<u>51,134</u>
Nonoperating Revenues:			
Gain on Sale of Assets		-	
Farm Lease		5,840	
Interest Earned on Investment		28,673	
Total	<u>17,640</u>	<u>34,513</u>	<u>16,873</u>
Total revenues	<u>691,985</u>	<u>759,992</u>	<u>68,007</u>
Expenditures:			
Administration:			
Salaries		28,350	
Employee Benefits		14,488	
Operating Expenses		70,054	
Total	<u>115,188</u>	<u>112,892</u>	<u>2,296</u>
Water Department:			
Salaries		27,142	
Employee Benefits		12,270	
System Repairs		62,847	
Contract Services		46,156	
Departmental Supplies		28,115	
Operating Expenses		42,373	
Total	<u>218,971</u>	<u>218,903</u>	<u>68</u>
Sewer Department:			
Salaries		53,283	
Employee Benefits		20,010	
System Repairs		10,100	
Contract Services		19,480	
Departmental Supplies		13,984	
Operating Expenses		9,178	
Total	<u>134,028</u>	<u>126,035</u>	<u>7,993</u>
Wastewater Treatment:			
Salaries		24,546	
Employee Benefits		8,108	
System Repairs		29,451	
Contract Services		79,342	
Departmental Supplies		21,862	
Operating Expenses		179,999	
Total	<u>367,085</u>	<u>343,308</u>	<u>23,777</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, 2024

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Total General Expenses	<u>835,272</u>	<u>801,138</u>	<u>34,134</u>
Total expenditures	<u>835,272</u>	<u>801,138</u>	<u>34,134</u>
Other Financing Sources(Uses)			
Transfer From ARPA Fund	<u>81,287</u>	<u>81,286</u>	<u>(1)</u>
Total Other Financing Sources(Uses)	<u>81,287</u>	<u>81,286</u>	<u>(1)</u>
Fund Balance Appropriated	<u>62,000</u>	<u>-</u>	<u>(62,000)</u>
Revenues and other sources over expenditures and other uses	\$ <u><u>-</u></u>	\$ <u><u>40,140</u></u>	\$ <u><u>40,140</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ <u><u>40,140</u></u>	
Reconciling items:			
(Increase)/Decrease in compensated absences payable		(2,856)	
Increase/(Decrease) in deferred outflows of resources-pensions		2,518	
(Increase)/Decrease in net pension liability		(11,169)	
(Increase)/Decrease in deferred inflows of resources-pensions		(5,340)	
Capital Contributions-Capital Projects		1,588,800	
Depreciation		<u>(233,652)</u>	
Total reconciling items		<u>1,338,301</u>	
Changes in Net Position		\$ <u><u>1,378,441</u></u>	

Town of Bladenboro, North Carolina
Capital Projects Fund-NC Department of Environmental Quality Projects
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2024

	Actual				Variance Positive (Negative)
	Project Author- ization	Prior Years	Current Year	Total to Date	
Revenues:					
Restricted Intergovernmental					
I & I SRP-W-ARP-0294	\$ 3,800,000	\$ 44,000	\$ 1,349,300	\$ 1,393,300	\$ (2,406,700)
WW Regional VUR-W-ARP-0089	<u>1,651,100</u>	<u>46,000</u>	<u>239,500</u>	<u>285,500</u>	<u>(1,365,600)</u>
Total Revenues	<u>5,451,100</u>	<u>90,000</u>	<u>1,588,800</u>	<u>1,678,800</u>	<u>(3,772,300)</u>
Expenditures:					
Grant Expenditures					
I & I SRP-W-ARP-0294	3,800,000	44,000	1,349,300	1,393,300	2,406,700
WW Regional VUR-W-ARP-0089	<u>1,651,100</u>	<u>46,000</u>	<u>239,500</u>	<u>285,500</u>	<u>1,365,600</u>
Total Expenditures	<u>5,451,100</u>	<u>90,000</u>	<u>1,588,800</u>	<u>1,678,800</u>	<u>3,772,300</u>
Revenue over (under) Expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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, 2024

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023 - 2024	\$ -	\$ 686,395	\$ 629,445	\$ 56,950
2022 - 2023	53,813	-	20,405	33,408
2021 - 2022	31,978	-	9,137	22,841
2020 - 2021	27,029	-	8,617	18,412
2019 - 2020	22,775	-	4,235	18,540
2018 - 2019	7,537	-	3,373	4,164
2017 - 2018	9,531	-	5,906	3,625
2016 - 2017	6,778	-	4,553	2,225
2015 - 2016	5,941	-	3,813	2,128
2014 - 2015	3,454	-	2,222	1,232
2013 - 2014	4,320	-	4,320	-
	<u>\$ 173,156</u>	<u>\$ 686,395</u>	<u>\$ 696,026</u>	<u>\$ 163,525</u>
			Less Allowance for Doubtful Collections	<u>33,000</u>
				<u>\$ 130,525</u>
	<u>Reconcilement with revenues:</u>			
	Ad valorem taxes - General Fund			\$ 708,119
	Reconciling items:			
	Interest collected			(13,403)
	Releases and Refunds			<u>1,310</u>
	Subtotal			<u>(12,093)</u>
	Total collections and credits			<u>\$ 696,026</u>

Town of Bladenboro, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2024

	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	\$ 107,249,219	\$ 0.64	\$ 686,395	\$ 605,036	\$ 81,359
			-		-
Total	107,249,219		686,395	605,036	81,359
Discoveries:					
Current year taxes	-	0.64	-	-	-
Total	-		-	-	-
Abatements:					
Total property valuation	\$ 107,249,219	0.64	-	-	-
Net levy			686,395	605,036	81,359
Uncollected taxes at June 30, 2024			56,950	56,950	-
Current year's taxes collected			\$ 629,445	\$ 548,086	\$ 81,359
Current levy collection percentage			91.70%	90.59%	100.00%

COMPLIANCE SECTION



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**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, 2024 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 31, 2025.

Report on 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) as a basis for designing 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 and 2024-003 to be significant deficiencies.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003.

Town of Bladenboro's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Bladenboro's responses to the findings identified in our audit are 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 31, 2025



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Report On Compliance With Requirements Applicable to Each Major Federal Program And on Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Bladenboro, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Bladenboro's major federal programs for the year ended June 30, 2024. Town of Bladenboro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Bladenboro and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Bladenboro's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Bladenboro federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Bladenboro's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Bladenboro's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Bladenboro's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Bladenboro's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Town of Bladenboro's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 that we consider to be significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures in the Town of Bladenboro's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Town of Bladenboro's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Town of Bladenboro is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Town of Bladenboro's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Elizabethtown, North Carolina

January 31, 2025



Thompson, Price, Scott, Adams & Co., P.A.
Post Office Box 1690
Elizabethtown, North Carolina 28337
Telephone (910) 862-8129
Fax (910) 862-8120

Report On Compliance With Requirements Applicable to Each Major State Program and Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Town of Bladenboro, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Bladenboro's major State programs for the year ended June 30, 2024. 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.

In our opinion, 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, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Bladenboro and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Town of Bladenboro's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Bladenboro State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Bladenboro's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Bladenboro's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Bladenboro's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Bladenboro's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Town of Bladenboro's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 that we consider to be significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures in the Town of Bladenboro's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Town of Bladenboro's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Town of Bladenboro is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Town of Bladenboro's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Elizabethtown, North Carolina

January 31, 2025

Town of Bladenboro, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I. Summary of Auditor's Results

State Awards

Internal control over major State awards:

- Material weakness(es) identified? _____yes X none reported
- Significant Deficiency(s) identified? X 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 X no

Identification of major State programs:

Name of Program
Capital Investment Grant

Dollar threshold used to determine a State major program \$500,00

Auditee qualified as low-risk auditee? _____yes X no

Town of Bladenboro, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2024 – 001 Segregation of Duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Town personnel. This is especially a concern in cash management, accounts receivable, purchasing, and payroll functions in all departments.

Effect: Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

Cause: There are a limited number of personnel for certain functions and lack of board oversight.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-001.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the correction action plan on page 72 in this audit report.

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

2024 – 002 Preaudit Process

Criteria: According to G.S. 159-28(a), the Finance Officer is required to perform the preaudit process on all purchase orders, credit card purchases, employment agreements, internet orders, and service contracts.

Condition: The Finance Officer has not properly implemented the preaudit stamp and procedures.

Effect: The Town was in violation of the statute and money was spent that had not been formally appropriated in the current fiscal year.

Cause: Personnel responsible for purchasing and issuing checks have not properly implemented the requirement.

Recommendation: The Finance Officer should implement internal controls that will educate staff on the preaudit requirement. All preprinted documents that require the preaudit certificate should contain the proper form described in the criteria above. A stamp with the preaudit certificate should be available, if necessary, for the issuers of the documents or checks. The stamp should be kept in custody to prevent unauthorized use.

Views of responsible officials and planned corrective actions: Town officials agree with this finding and recommended action to ensure that only those amounts appropriated are spent. Please refer to the corrective action plan on page 72.

Town of Bladenboro, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

2024 – 003 Financial Audit Not Completed Timely

Criteria: N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year.

Condition: The audit report was issued three months after the required due date of October 31, 2024.

Effect: Town Council was not provided financial information on a timely basis to be able make financial decisions based on audited financial information.

Cause: The Town needed additional time to allow the financial statements to be prepared due to the turnover of the finance officer and town administrator.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-003.

Recommendation: Create procedures to cross-train employees to perform other employees' functions in their absence.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The town has contracted with an outside CPA firm to provide assistance. Please refer to the corrective action plan on page 72.

Section III – Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

2024 – 002 Preaudit Process

Section IV – State Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

2024 – 002 Preaudit Process



BLADENBORO

Small town living. Hometown proud. *North Carolina*

Corrective Acton Plan
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2024 – 001 Segregation of Duties

Name of contact person: David Hales, Mayor

Corrective Action: The duties will be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board will become more involved in providing some of these controls.

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

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

2024 – 002 Preaudit Process

Name of contact person: David Hales, Mayor

Corrective Action: Management will install measures to ensure the preaudit processed is followed using information proved by the Institute of Government.

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

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

2024 – 003 Financial Audit Not Completed Timely

Name of contact person: David Hales, Mayor

Corrective Action: Management will install measures to ensure future audits are performed timely. This includes the retaining of a Certified Public Accountant to provide current staff with assistance.

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

Town of Bladenboro, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Finding: 2023-001

Status: Still occurring.

Finding: 2023-003

Status: Still occurring.

Town of Bladenboro, North Carolina
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2024

<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>Passed- Through to Subrecipients</u>
Federal Awards:					
Cash Programs:					
<u>United States Department of Treasury</u>					
Coronavirus State Local Fiscal Recovery Funds - (CSLFRF)	21.027		\$ 257,029	\$ -	\$ -
Passed-through N.C. Department of Commerce					
CSLFRF - Rural Transformation Grant	21.027	SA-0234	256,000	-	-
Passed-through N.C. Department of Environmental Quality					
CSLFRF -American Rescue Plan Act Funds	21.027	VUR-W-ARP-0089	1,347,300	-	-
CSLFRF -American Rescue Plan Act Funds	21.027	SRP-W-ARP-0294	241,500	-	-
<u>Total Coronavirus State Local Fiscal Recovery Funds - (CSLFRF)</u>			<u>2,101,829</u>	<u>-</u>	<u>-</u>
<u>Total Federal Awards</u>			<u>2,101,829</u>	<u>-</u>	<u>-</u>
State Awards:					
<u>N.C. Department of State Management and Budget</u>					
Disaster Recovery Grant		97-A	-	274,267	-
Capital Investment Grant		11901	-	633,324	-
<u>North Carolina Department of Insurance</u>					
Fire and Rescue			-	12,438	-
<u>N.C. Department of Transportation</u>					
Powell Bill			-	40,984	-
<u>Total Awards</u>			<u>\$ 2,101,829</u>	<u>\$ 961,013</u>	<u>\$ -</u>

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, 2024. 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

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.