

Town of Yanceyville

Yanceyville, North Carolina

Audited Financial Statements

Year Ended June 30, 2020



COBB EZEKIEL LOY & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF YANCEYVILLE

NORTH CAROLINA

TOWN COUNCIL

Alvin Foster, Mayor

Odessa Gwynn, Mayor Pro Tem

Margie Badgett-Lampkin

Brian Massey

Keith Tatum

Kamara Barnett, Interim Town Manager
Ryan Strader, Finance Officer

TOWN OF YANCEYVILLE, NORTH CAROLINA

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Yanceyville, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Yanceyville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MEMBER OF:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • AICPA PRIVATE COMPANIES PRACTICE SECTION • NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yanceyville, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

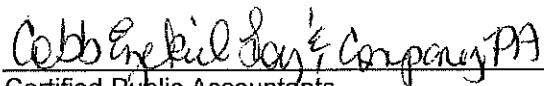
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Yanceyville, North Carolina. The individual fund financial statements, budgetary schedules, and 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, on our consideration of the Town of Yanceyville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion in 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 the Town of Yanceyville's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Cobb E. Kilgus & Company PA", is written over a horizontal line.

Certified Public Accountants

Graham, North Carolina

April 30, 2021



**TOWN OF YANCEYVILLE, NORTH CAROLINA
"TRADITION WITH VISION"**

**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT
Fiscal Year ending June 30, 2020**

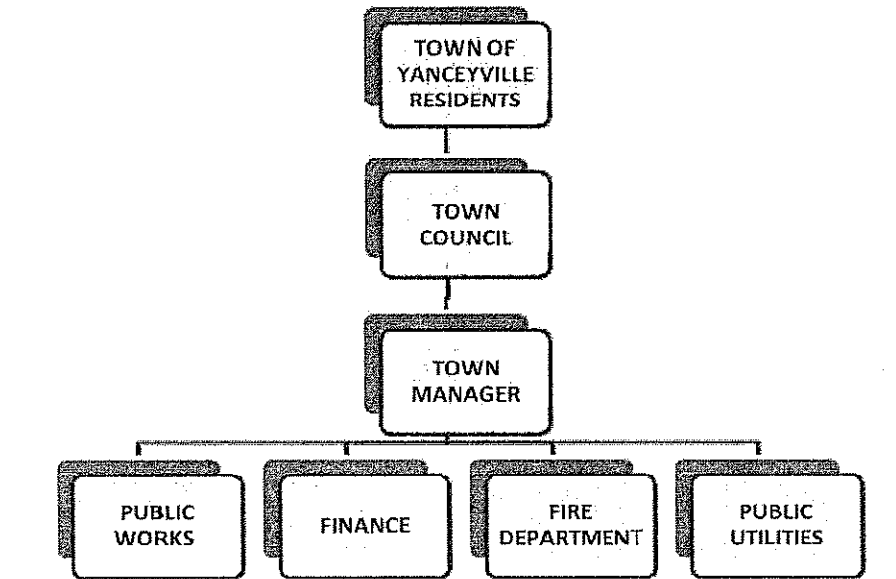
It has long been recognized that financial statements alone are not sufficient to communicate overall performance of an entity. As management of the Town of Yanceyville, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. The Management's Discussion and Analysis Report is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial condition, identify material deviations from the financial budget, and identify individual fund issues or concerns. In addition to reporting the financial condition of the town we strive to offer an overview of the economic impact as well as the economic development and future planning and projects that will impact the town's future growth.

Since the MD&A Report is structured to focus on the current year's activities, resulting changes and currently known facts, readers are encouraged to consider the information presented in conjunction with the additional information furnished in the transmittal letter of this report, and the Town's financial statements, which follow this section.

MISSION STATEMENT

Adopted December 7, 2004 the mission of the Town of Yanceyville is to provide its citizens and visitors a clean, safe, hometown atmosphere that anyone would be proud to call home. Yanceyville will strive to prepare and build for the future, while at the same time maintain and preserve our deep-rooted heritage that has been an important part of this community for over two hundred years.

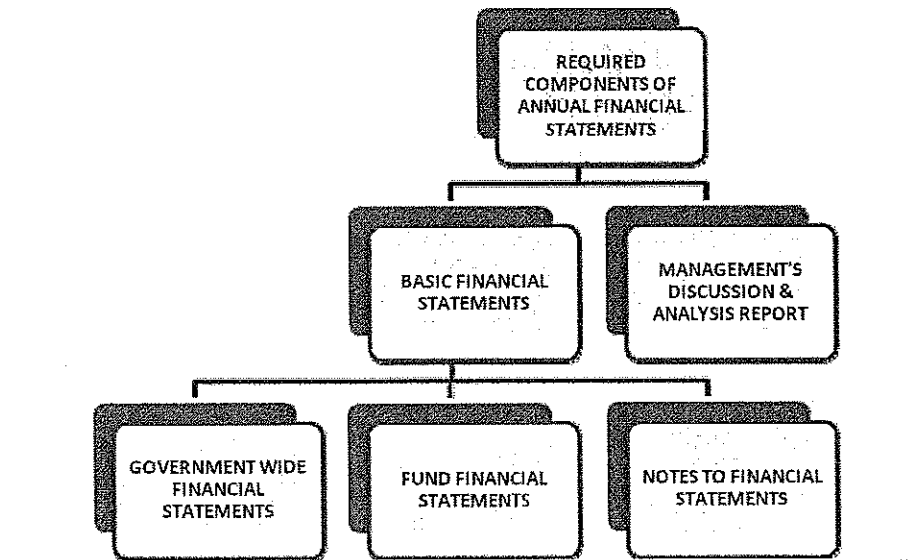
ORGANIZATIONAL STRUCTURE



FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the Town of Yanceyville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,940,574.
- The governments total net position increased by \$2,008,290, primarily due to an increase of \$287,414 in the governmental-type activities and an increase of \$1,720,876 for business-type activities net position.
- At the end of the current fiscal year, the Town of Yanceyville's governmental funds reported combined ending fund balances of \$2,086,117 with a net increase of \$228,268 in fund balance. Approximately 20.04% of this total amount, or \$417,981, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,668,136, or 174.83% of total general fund expenditures for the fiscal year.
- The Town of Yanceyville's outstanding debt decreased by \$332,601.

OVERVIEW OF FINANCIAL STATEMENTS



The following discussion and analysis are intended to serve as an introduction to the Town of Yanceyville's basic financial statements. The financial statements are comprised of two kinds of statements that present two different views: (A) Government-Wide Financial Statements and (B) Fund Financial Statements. Both perspectives are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. Also important to the basic financial statements are the notes to the financial statements. This report contains other supplementary information in addition to the basic statements that will enhance the reader's understanding of the financial condition of the Town.

BASIC FINANCIAL STATEMENTS

The first statement in the basic financial statements is the Government-wide Financial Statements that provide an overview of the Town's financial status. Following are the Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government and provide greater detail than the government-wide statements. There are three parts to the Fund Financial Statements: (a) governmental funds statements, (b) budgetary comparison statements, and (c) the proprietary fund statements.

The section following the basic financial statements is the Notes. These provide explanation in detail of the data contained in the statements. After Notes you will see supplemental information which is provided to show details about the Town's individual funds, followed by budgetary information which is required by General Statutes.

A. *Government-wide Financial Statements*

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

The two government-wide financial statements show the Town's net position and how they have changed. Increases or decreases in net position is one way to gauge the financial health of the Town's financial condition.

The government-wide financial statements are divided into two categories:

1. *Governmental Activities*: This statement includes the Town's basic services such as public safety, public works, and general administration. These activities are funded primarily by property taxes, sales taxes, and grants.
2. *Business-type Activities*: The Town charges fees to customers to fund the services it provides. The Town's water and sewer activities are the primary source of funds in this category.

B. *Fund Financial Statements*

A "fund" is a grouping of related accounts that is used to maintain control over resources that have segregated for specific activities or objectives. The Town of Yanceyville uses fund accounting, like all other governmental entities in North Carolina, to ensure and reflect compliance with finance-related legal requirements by General Statutes of North Carolina and/or the Town's budget ordinance. The fund financial statements provide detailed information while focusing on fiscal accountability and are used to account for specific sources of funding such as those required by state law, bond covenants, and spending for a particular purpose. The funds for the Town of Yanceyville are divided into three categories: Governmental Funds, Business-Type Funds and Special Revenue Funds.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 upcoming year. Reporting in this fund uses Modified Accrual Accounting which provides a short-term spending focus. The governmental fund financial statements give the reader a detailed short-term view that enables them to determine if there are more or less financial resources available to finance the Town's programs.

The Town of Yanceyville adopts an annual appropriated budget for its General Fund, as required by the General Status of North Carolina. This is a legally adopted document that serves to provide how to pay for services the Town provides its citizens. The relationship between the governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements. The budgetary statement for the General Fund demonstrates how well the Town complied with the adopted budget ordinance and also whether the Town was successful in providing the services planned at the time the budget was adopted.

Proprietary Funds are used to report the same functions as business-type activities in the government-wide financial statements, that is in the case of the Town of Yanceyville, Enterprise Funds which support the water and sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

C. *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 26-51 of this report.

D. *Other Information*

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Yanceyville's progress in funding its obligation to provide pension benefits to its Employees. Required supplementary information can be found beginning on page 52-54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure 2

TOWN OF YANCEYVILLE NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,139,480	\$ 1,948,360	\$ 2,475,715	\$ 2,391,041	\$ 4,615,195	\$ 4,339,401
Capital assets	3,127,379	3,152,127	10,520,662	9,162,687	13,648,041	12,314,814
Deferred outflows of resources	27,266	32,318	57,941	68,677	85,207	100,995
Total assets and deferred outflows of resources	5,294,125	5,132,805	13,054,318	11,622,405	18,348,443	16,755,210
Long-term liabilities outstanding	516,759	709,865	2,435,982	2,817,747	2,952,741	3,527,612
Other liabilities	119,261	16,096	329,125	122,555	448,386	138,651
Deferred inflows of resources	2,158	882	4,584	1,874	6,742	2,756
Total liabilities and deferred inflows of resources	638,178	726,843	2,769,691	2,942,176	3,407,869	3,669,019
Net position						
Net investment in capital assets	2,564,432	2,490,687	8,056,504	6,464,421	10,620,936	8,955,108
Restricted	417,981	435,832	130,911	130,911	548,892	566,743
Unrestricted	1,673,534	1,479,443	2,097,212	2,084,897	3,770,746	3,564,340
Total net position	\$ 4,655,947	\$ 4,405,962	\$ 10,284,627	\$ 8,680,229	\$ 14,940,574	\$ 13,086,191

As noted earlier, net position may serve overtime as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Yanceyville exceeded liabilities and deferred inflows by \$14,940,574 as of June 30, 2020. The Town's net position increased by \$1,854,383. However, the largest portion (71.09%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment).

The Town of Yanceyville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Yanceyville'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 of Yanceyville's net position, \$548,892, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,770,746 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintain a tax collection percentage of 98.38%. The statewide average in fiscal year 2019 was 98.78%.

Figure 3
Town of Yanceyville's
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 65,546	\$ 78,898	\$ 1,719,619	\$ 1,815,841	\$ 1,785,165	\$ 1,894,739
Operating grants and contributions	40,764	115,538	-	-	40,764	115,538
Capital grants and contributions	342,399	169,556	1,719,495	166,500	2,061,894	336,056
General revenue						
Property taxes	334,044	339,155	-	-	334,044	339,155
Other taxes	308,958	304,227	-	-	308,958	304,227
Grants and contributions not restricted to specific programs	4,030	6,662	-	-	4,030	6,662
Other	53,621	12,382	56,219	42,103	109,840	54,485
Total revenues	1,149,362	1,026,418	3,495,333	2,024,444	4,644,695	3,050,862
Expenses						
General government	350,943	343,249			350,943	343,249
Public safety	381,329	254,347			381,329	254,347
Transportation	31,283	21,151			31,283	21,151
Economic and physical development	3,461	3,215			3,461	3,215
Cultural and recreation	24,389	21,650			24,389	21,650
Public works	103,564	98,707			103,564	98,707
Interest on long-term debt	1,880	-			1,880	-
Water and sewer			1,739,556	1,687,884	1,739,556	1,687,884
Total expenses	896,849	742,319	1,739,556	1,687,884	2,636,405	2,430,203
Increase in net position before transfers	252,513	284,099	1,755,777	336,560	2,008,290	620,659
Transfers	34,901	-	(34,901)	-	-	-
Increase in net position	287,414	284,099	1,720,876	336,560	2,008,290	620,659
Beginning net position	4,405,962	4,234,113	8,680,229	8,343,669	13,086,191	12,577,782
Net position, beginning, restated	4,368,533	4,121,863	8,563,751	8,343,669	12,932,284	12,465,532
Net position, June 30	\$ 4,655,947	\$ 4,405,962	\$ 10,284,627	\$ 8,680,229	\$ 14,940,574	\$ 13,086,191

Governmental Activities

Governmental activities increased the Town's net position by \$249,985, after the restatement of (\$37,429).

Business-type Activities

Business-type activities increased the Town's net position by \$1,604,398, after the restatement of (\$116,478).

The Town of Yanceyville operates one enterprise fund, the Water and Sewer Fund that constitutes all of the business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The general fund is the chief operating fund of the Town of Yanceyville. At the end of the current fiscal year, the Town of Yanceyville's fund balance available in the General Fund was \$1,668,136, while total fund balance increased to \$2,080,792. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 174.83% of total General Fund expenditures.

As of June 30, 2020, the governmental funds of the Town of Yanceyville reported a combined fund balance of \$2,086,117, with a net increase in fund balance of \$228,268. Included in this change in fund balance is an increase in fund balance for General Fund and Special Revenue fund.

Proprietary Funds: The Town of Yanceyville'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 \$2,097,212. The total change in net position for the Water and Sewer Fund was \$1,720,876. Other factors that concern the finances of this fund have already been addressed in the discussion of the Town of Yanceyville's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$13,648,041 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following:

- Construction in progress for water and sewer capital assets of \$2,177,996

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 424,581	\$ 424,581	\$ 19,407	\$ 19,407	\$ 443,988	\$ 443,988
Building and system	1,326,615	1,360,032	358,804	371,327	1,685,419	1,731,359
Improvements other than buildings	464,382	475,099	134,309	138,749	598,691	613,848
Plants and distribution system	-	-	7,791,204	8,056,566	7,791,204	8,056,566
Vehicles and equipment	715,731	702,065	38,942	63,237	754,673	765,302
Art	190,350	190,350	-	-	190,350	190,350
Construction in progress	5,720	-	2,177,996	513,401	2,183,716	513,401
Total	\$ 3,127,379	\$ 3,152,127	\$ 10,520,662	\$ 9,162,687	\$ 13,648,041	\$ 12,314,814

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

Long-term Debt. As of June 30, 2020, the Town of Yanceyville had total long term debt of \$3,027,105. \$2,464,158 of this debt represents bond secured solely by specific revenue sources (e.g. revenue bonds).

Figure 5
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment debt	\$ -	\$ -	\$ -	\$ 90,000	\$ -	\$ 90,000
Revenue bonds	-	-	2,464,158	2,608,266	2,464,158	2,608,266
Other financing agreement	562,947	661,440	-	-	562,947	661,440
Pension related debt (LGERS)	49,550	43,120	105,293	91,629	154,843	134,749
Compensated absences	5,511	5,305	28,931	27,852	34,442	33,157
Total	\$ 618,008	\$ 709,865	\$ 2,598,382	\$ 2,817,747	\$ 3,216,390	\$ 3,527,612

Town of Yanceyville's Outstanding Debt. The Town of Yanceyville's total debt decreased by \$332,601 (9.4%) during the fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the unit of government's boundaries. The legal debt margin for the Town of Yanceyville is \$7,516,487.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Decreasing Unemployment. Caswell County, in which the Town of Yanceyville is located, has an unemployment rate of 4.5%, which is slightly lower than the state average of 6.1%. (N.C. Commerce, Access NC 2017 data)
- High percentage of high school graduates 76.1% which is extremely higher than the state average of 25% by the age of 25. (N.C. Commerce, Access NC 2017 data)
- Increasing median household income projections of \$40,501. (N.C. Commerce, Access NC 2017 data)
- The General Fund also allowed funding to extend the WIFI service to other areas in the downtown area.
- No tax increase or water/sewer rate increase for the 2019-2020 budget year.
- The Town will allocate 3% of all water revenues to the repayment of the USDA loan that has allowed the Town to pursue an emergency water line connection with the City of Danville, Va. The Town anticipates the revenues collected from the 3% of water revenues to allow the Town to pay off the debt taken on by the project much sooner.
- There will be no proposed use of un-appropriated fund balance to balance the budget this year. The Town has made strong efforts to increase the un-appropriated fund balance of the Town, and has done so over the past eight budget cycles.
- The Town does intend to continue working with third-party contractors for Water and Wastewater Management and Operations for operations of the Town's Water and Wastewater Plants, Code Enforcement needs, legal needs, engineering needs, and extensive water/sewer repair needs.
- Some of the major items in this year's budget are outlined below:
 - Maintenance Contracts for water and sewer equipment maintenance/repair
 - Zoning Code Enforcement services
 - Wi-Fi Network Expansion
 - Town Hall Updates and Maintenance
 - Continued repair/replacement of aging water/sewer infrastructure
 - Capital Improvements
 - Sheriff/Police Department Fund

Grant Projects:

The Town is also constantly seeking additional grants for continued improvements to the water/ sewer system, the "Yanceyville Downtown Park "project and the "Dan River water intake project".

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2021

Governmental Activities. Total revenues budgeted for the year ending June 30, 2021 is \$2,590,010. The tax rate remained at \$0.33 per \$100 assessed value. Any increases in revenues shall be used to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to increase by approximately 0.3%. Operating Expenditures are expected to increase by 5.8%.

Business-type activities. The Water and Sewer rates in the Town are budgeted to show no increase for water and sewer rates this budget year. The Enterprise Fund expects to have about the same expenditures as last year. Each department has made an effort to reduce their operating expenses in order to maintain a relatively conservative budget however we are recommending a 3% salary increase for all employees.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Yanceyville's finances for all those with an interest in the Town's finances and its accountability for the monies it receives. Any questions concerning any of the information provided in this report or to request additional financial information should be addressed to the Town of Yanceyville, Finance Department, P.O. Box 727, Yanceyville, NC 27379 or by viewing our website at www.yanceyvillenc.gov.

FINANCIAL SECTION

Exhibit 1

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,698,685	\$ 1,793,266	\$ 3,491,951
Taxes receivables (net)	23,474	-	23,474
Accrued interest receivable on taxes	11,877	-	11,877
Accounts receivable (net)	94,198	368,165	462,363
Grant receivable	-	298,934	298,934
Bond discount	-	13,460	13,460
Restricted cash and cash equivalents	311,246	1,890	313,136
Total current assets	<u>2,139,480</u>	<u>2,475,715</u>	<u>4,615,195</u>
Non-current assets:			
Capital assets (Note 4):			
Land, improvements, and construction in progress	620,651	2,197,403	2,818,054
Other capital assets, net of depreciation	<u>2,506,728</u>	<u>8,323,259</u>	<u>10,829,987</u>
Total capital assets	<u>3,127,379</u>	<u>10,520,662</u>	<u>13,648,041</u>
Total assets	<u>5,266,859</u>	<u>12,996,377</u>	<u>18,263,236</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>27,266</u>	<u>57,941</u>	<u>85,207</u>
LIABILITIES			
Current liabilities:			
Accounts payable	18,012	81,048	99,060
Accrued interest payable	-	83,787	83,787
Customer deposits	-	1,890	1,890
Current portion of long-term liabilities	<u>101,249</u>	<u>162,400</u>	<u>263,649</u>
Total current liabilities	<u>119,261</u>	<u>329,125</u>	<u>448,386</u>
Long-term liabilities:			
Due in more than one year	<u>516,759</u>	<u>2,435,982</u>	<u>2,952,741</u>
Total liabilities	<u>636,020</u>	<u>2,765,107</u>	<u>3,401,127</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>2,158</u>	<u>4,584</u>	<u>6,742</u>
NET POSITION			
Net investment in capital assets	2,564,432	8,056,504	10,620,936
Restricted for:			
Stabilization by State Statute	98,198	-	98,198
Transportation	301,921	-	301,921
Cemetery care	5,325	-	5,325
Pursuant to loan requirements	12,537	130,911	143,448
Unrestricted	<u>1,673,534</u>	<u>2,097,212</u>	<u>3,770,746</u>
Total net position	<u>\$ 4,655,947</u>	<u>\$ 10,284,627</u>	<u>\$ 14,940,574</u>

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

Town of Yanceyville
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Position	Primary Government		
						Governmental Activities	Business-Type Activities	Total
Primary government:								
Governmental activities:								
General government	\$ 350,943	\$ 22,900	\$ -	\$ -	\$ -	\$ (328,043)	\$ -	\$ (328,043)
Public safety	381,329	16,689	-	342,399	-	(22,241)	-	(22,241)
Transportation	31,283	-	39,224	-	-	7,941	-	7,941
Economic and Physical Development	3,461	-	-	-	-	(3,461)	-	(3,461)
Cultural and Recreation	24,389	-	-	-	-	(24,389)	-	(24,389)
Public works	103,564	25,957	1,540	-	-	(76,067)	-	(76,067)
Interest on long-term debt	1,880	-	-	-	-	(1,880)	-	(1,880)
Total governmental activities (See Note 1)	896,849	65,546	40,764	342,399	-	(448,140)	-	(448,140)
Business-type activities:								
Water and sewer	1,739,556	1,719,619	-	1,719,495	-	-	1,699,558	1,699,558
Total business-type activities	1,739,556	1,719,619	-	1,719,495	-	-	1,699,558	1,699,558
Total primary government	\$ 2,636,405	\$ 1,785,165	\$ 40,764	\$ 2,061,894	\$ (448,140)	\$ 1,699,558	\$ 1,699,558	\$ 1,251,418
General revenues:								
Taxes:								
Property taxes, levied for general purpose						334,044	-	334,044
Local option sales tax						182,840	-	182,840
Other taxes						126,118	-	126,118
Grants and contributions not restricted to specific programs						4,030	-	4,030
Unrestricted investment earnings						30,273	20,396	50,669
Miscellaneous						23,348	35,823	59,171
Total general revenues not including transfers						700,653	56,219	756,872
Transfers						34,901	(34,901)	-
Total general revenues and transfers						735,554	21,318	756,872
Change in net position						287,414	1,720,876	2,008,290
Net position, beginning, previously reported						4,405,962	8,680,229	13,086,191
Restatement						(37,429)	(116,478)	(153,907)
Net position, beginning, restated						4,368,533	8,563,751	12,932,284
Net position, ending						\$ 4,655,947	\$ 10,284,627	\$ 14,940,574

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

Exhibit 3

**Town of Yanceyville
Balance Sheet
Governmental Funds
June 30, 2020**

	<u>Major Funds</u>		<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>			
ASSETS				
Cash and cash equivalents	\$ 1,698,685	\$ 9,325	\$ 1,708,010	
Restricted cash - Powell Bill	301,921	-	301,921	
Receivables, net:				
Taxes	23,474	-	23,474	
Accounts	94,198	-	94,198	
Due from other funds	4,000	-	4,000	
Total assets	<u>2,122,278</u>	<u>9,325</u>	<u>2,131,603</u>	
LIABILITIES				
Accounts payable and accrued liabilities	18,012	-	18,012	
Due to other funds	-	4,000	4,000	
Total liabilities	<u>18,012</u>	<u>4,000</u>	<u>22,012</u>	
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	<u>23,474</u>	<u>-</u>	<u>23,474</u>	
FUND BALANCES				
Restricted				
Stabilization by State Statute	98,198	-	98,198	
Powell Bill	301,921	-	301,921	
Fire Truck Debt Payments	12,537	-	12,537	
Assigned				
Cemetery Care	-	5,325	5,325	
Unassigned	1,668,136	-	1,668,136	
Total fund balances	<u>2,080,792</u>	<u>5,325</u>	<u>2,086,117</u>	
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,122,278</u>	<u>\$ 9,325</u>		

(continued)

Exhibit 3

**Town of Yanceyville
Balance Sheet
Governmental Funds
June 30, 2020**

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

Total Fund Balance, Governmental Funds		\$ 2,086,117
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$ 4,950,738	
Accumulated depreciation	<u>(1,823,359)</u>	3,127,379

Deferred outflows of resources related to pensions are not reported in the funds		27,266
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Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		11,877
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Earned revenues considered deferred inflows of resources in fund statements		23,474
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Installment financing	\$ (562,947)	
Compensated absences	(5,511)	
Net pension liability	(49,550)	
Deferred inflows of resources related to pensions are not reported in the funds	(2,158)	
Accrued interest	<u>-</u>	(620,166)

Net position of governmental activities		<u><u>\$ 4,655,947</u></u>
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The notes to the financial statements are an integral part of this statement.

Exhibit 4

Town of Yanceyville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2020

	Major Funds	Non-Major Funds	Total Governmental Funds
	General Fund	Special Revenue	
REVENUES			
Ad valorem taxes	\$ 335,679	\$ -	\$ 335,679
Other taxes and licenses	182,840	-	182,840
Unrestricted intergovernmental	126,118	-	126,118
Restricted intergovernmental	310,411	4,030	314,441
Sales and services	138,158	-	138,158
Permits and fees	140	-	140
Investment earnings	30,273	-	30,273
Miscellaneous	23,348	-	23,348
Total revenues	<u>1,146,967</u>	<u>4,030</u>	<u>1,150,997</u>
EXPENDITURES			
Current:			
General government	300,532	-	300,532
Public safety	239,264	-	239,264
Transportation	31,283	-	31,283
Economic and physical development	-	3,461	3,461
Cultural and recreation	25,711	-	25,711
Public works	103,563	-	103,563
Debt service:			
Principal	98,493	-	98,493
Interest and other charges	1,880	-	1,880
Capital outlay	153,443	-	153,443
Total expenditures	<u>954,169</u>	<u>3,461</u>	<u>957,630</u>
Excess of revenues over expenditures	<u>192,798</u>	<u>569</u>	<u>193,367</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Transfer from other funds	34,901	-	34,901
Total other financing sources (uses)	<u>34,901</u>	<u>-</u>	<u>34,901</u>
Net change in fund balance	227,699	569	228,268
Fund balances, beginning, previously reported	1,890,522	4,756	1,895,278
Prior period adjustment	(37,429)	-	(37,429)
Fund balances, restated	<u>1,853,093</u>	<u>4,756</u>	<u>1,857,849</u>
Fund balances, ending	<u>\$ 2,080,792</u>	<u>\$ 5,325</u>	<u>\$ 2,086,117</u>

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

(continued)

Exhibit 4

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

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

Net changes in fund balances - total governmental funds	\$	228,268
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 153,443	
Depreciation expense for governmental assets	<u>(183,911)</u>	(30,468)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		29,281
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues		(1,635)
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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.

Principal payments on long-term debt	\$ 98,493	
New long-term debt issued	-	
Decrease in accrued interest payable	<u>-</u>	98,493

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		206
Pension expense		(36,731)

Total changes in net position of governmental activities	\$	<u>287,414</u>
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The notes to the financial statements are an integral part of this statement.

Exhibit 5

Town of Yanceyville
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	General Fund			
	Budget			Variance with Final Budget - Positive Negative
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 329,000	\$ 329,000	\$ 335,679	\$ 6,679
Other taxes and licenses	150,000	150,000	182,840	32,840
Unrestricted intergovernmental	128,800	128,800	126,118	(2,682)
Restricted intergovernmental	87,300	291,586	310,411	18,825
Permits and fees	500	500	140	(360)
Sales and services	143,200	143,200	138,158	(5,042)
Investment earnings	40,000	40,000	30,273	(9,727)
Miscellaneous	1,000	1,000	23,348	22,348
Total revenues	879,800	1,084,086	1,146,967	62,881
Expenditures:				
Current:				
General government	374,700	374,700	300,532	74,168
Transportation	67,550	67,550	31,283	36,267
Public works	109,000	109,000	103,563	5,437
Public safety	207,050	398,786	392,707	6,079
Cultural and recreation	46,500	46,500	25,711	20,789
Debt service:				-
Principal retirement	75,000	87,550	98,493	(10,943)
Interest and other charges	-	-	1,880	(1,880)
Total expenditures	879,800	1,084,086	954,169	129,917
Revenues and other sources over (under) expenditures	-	-	192,798	192,798
Other financing sources				
Financing agreement obligations issued	-	-	34,901	34,901
Fund balance, appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	227,699	\$ 227,699
Fund balance, beginning, previously reported			1,890,522	
Prior period adjustment			(37,429)	
Fund balance, restated			1,853,093	
Fund balance, ending			\$ 2,080,792	

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

Exhibit 6

Town of Yanceyville
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Enterprise Fund Water and Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,793,266	\$ 1,793,266
Accounts receivable (net) - billed	368,165	368,165
Grant receivable	298,934	298,934
Bond discount	13,460	13,460
Restricted cash and cash equivalents	1,890	1,890
Total current assets	<u>2,475,715</u>	<u>2,475,715</u>
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets	2,197,403	2,197,403
Other capital assets, net of depreciation	8,323,259	8,323,259
Capital assets	<u>10,520,662</u>	<u>10,520,662</u>
Total noncurrent assets	<u>10,520,662</u>	<u>10,520,662</u>
Total assets	<u>12,996,377</u>	<u>12,996,377</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	<u>57,941</u>	<u>57,941</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	81,048	81,048
Accrued interest payable	83,787	83,787
Compensated absences	14,466	14,466
Customer deposits	1,890	1,890
Revenue bonds payable	147,934	147,934
Total current liabilities	<u>329,125</u>	<u>329,125</u>
Noncurrent liabilities:		
Compensated absences	14,465	14,465
Net pension liability	105,293	105,293
Revenue bonds payable	2,316,224	2,316,224
Total noncurrent liabilities	<u>2,435,982</u>	<u>2,435,982</u>
Total liabilities	<u>2,765,107</u>	<u>2,765,107</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	<u>4,584</u>	<u>4,584</u>
NET POSITION		
Net investment in capital assets	8,056,504	8,056,504
Water Line Debt Payment Reserve	27,960	27,960
Water Line Short-Lived Asset Reserve	102,951	102,951
Unrestricted	2,097,212	2,097,212
Total net position	<u>\$ 10,284,627</u>	<u>\$ 10,284,627</u>

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

Exhibit 7

Town of Yanceyville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES		
Charges for services	\$ 1,699,110	\$ 1,699,110
Late fees	7,641	7,641
Tappage fees	12,868	12,868
Other operating revenues	35,823	35,823
Total operating revenues	<u>1,755,442</u>	<u>1,755,442</u>
OPERATING EXPENSES		
Maintenance	549,745	549,745
Collection and distribution	144,487	144,487
Utilities	126,327	126,327
Salaries and benefits	383,182	383,182
Other water and sewer expenses	144,185	144,185
Depreciation	306,620	306,620
Total operating expenses	<u>1,654,546</u>	<u>1,654,546</u>
Operating income	<u>100,896</u>	<u>100,896</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	20,396	20,396
Interest expense	(83,786)	(83,786)
Amortization of bond discount	(1,224)	(1,224)
Total nonoperating revenues (expenses)	<u>(64,614)</u>	<u>(64,614)</u>
Income before contributions	36,282	36,282
Transfer to general fund	(34,901)	(34,901)
Capital contributions	<u>1,719,495</u>	<u>1,719,495</u>
Change in net position	<u>1,720,876</u>	<u>1,720,876</u>
Total net position, previously reported	8,680,229	8,680,229
Restatement	<u>(116,478)</u>	<u>(116,478)</u>
Total net position, beginning restated	<u>8,563,751</u>	<u>8,563,751</u>
Total net position, ending	<u>\$ 10,284,627</u>	<u>\$ 10,284,627</u>

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

Exhibit 8

Town of Yanceyville
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Enterprise Fund</u> Water and Sewer Fund	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,719,547	\$ 1,719,547
Cash paid for goods and services	(889,391)	(889,391)
Cash paid to or on behalf of employees for services	(354,993)	(354,993)
Customer deposits returned	(131)	(131)
Net cash provided by operating activities	<u>475,032</u>	<u>475,032</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,688,095)	(1,688,095)
Principal paid on bond maturities	(144,108)	(144,108)
Principal paid on loan	(90,000)	(90,000)
Interest and fees paid on debt maturities	(91,339)	(91,339)
Capital contributions-federal grant	<u>1,420,561</u>	<u>1,420,561</u>
Net cash used by capital and related financing activities	<u>(592,981)</u>	<u>(592,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>20,396</u>	<u>20,396</u>
Net increase in cash and cash equivalents	(97,553)	(97,553)
Balances, beginning	<u>1,892,709</u>	<u>1,892,709</u>
Balances, ending	<u><u>\$ 1,795,156</u></u>	<u><u>\$ 1,795,156</u></u>

(continued)

Exhibit 8

Town of Yanceyville
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 100,896	\$ 100,896
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	306,620	306,620
Pension adjustment	23,500	23,500
Changes in assets and liabilities		
(Increase) in accounts receivables	(35,896)	(35,896)
Decrease in deferred inflows of resources for pension	10,736	10,736
Increase in accounts payable and accrued liabilities	51,854	51,854
Increase in accrued vacation pay	1,079	1,079
(Decrease) in customer deposits	(131)	(131)
Increase in net pension liability	13,664	13,664
Increase in deferred outflows of resources for pensions	2,710	2,710
Total adjustments	<u>374,136</u>	<u>374,136</u>
Net cash provided by operating activities	<u>\$ 475,032</u>	<u>\$ 475,032</u>

Town of Yanceyville, North Carolina
Notes To The Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Yanceyville 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 Yanceyville is a municipal corporation that is governed by an elected mayor and a four-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 that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following non-major governmental funds:

Cemetery Fund. This fund is used to account for perpetual care of the Town's cemetery.

The Town reports the following major enterprise fund:

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 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 financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donation 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 revenue 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 resources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Yanceyville because the tax is levied by Caswell 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 are both restricted and unrestricted net positions available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. 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 functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing body and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Cemetery Fund prepares a budget when incurring expenditures.

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings and loan 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 generally reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. 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 are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Town of Yanceyville Restricted Cash

Governmental Activities

General Fund

Streets	\$ 301,921
Cemetery	<u>9,325</u>

Total governmental activities	<u>\$ 311,246</u>
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Business-type Activities

Water and Sewer

Customer Deposits	<u>1,890</u>
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Total Business-type Activities	<u>\$ 1,890</u>
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Total Restricted Cash	<u>\$ 313,136</u>
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4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as when purchased.

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$20,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$20,000; infrastructure, \$20,000; vehicle and equipment, \$5,000; computer software, \$5,000 and computer equipment, \$500. 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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:

Asset Class	Estimated Useful Lives
Buildings	50
Infrastructure	50
Equipment	10
Computer equipment	3
Computer software	5
Vehicles and equipment	5
Substations, lines and related equipment	40
Other improvements	25

8. Deferred Outflows /Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *Deferred Inflows of Resources*, represents acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criteria for this category – property taxes receivable and pension deferrals.

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

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

Reserved 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 receipt, 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 restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

Assigned Fund Balance – portion of fund balance that the Town of Yanceyville 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; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

The Town of Yanceyville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% 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.

12. Defined Benefit Cost-Sharing Plans

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported to FRSWPF. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2020, the Town's deposits had a carrying amount of \$3,791,993 and a bank balance of \$3,797,645. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$600.

2. Investments

At June 30, 2020, the Town's investment balances were as follows:

Investment Type	Valuation Method	Book value at 6/30/20	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level I	\$12,494	N/A	AAAm

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

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

Interest Rate Risk. The Town does not have a formal investment policy.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

Fund	
General Fund:	
Taxes receivable	\$ 1,595
Enterprise Fund:	
Water and sewer fund	
— accounts receivable	<u>46,153</u>
Total	<u>\$ 47,748</u>

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 5,720	\$ -	\$ 5,720
Art collection	190,350	-	-	190,350
Land	<u>424,581</u>	<u>-</u>	<u>-</u>	<u>424,581</u>
Total capital assets not being depreciated	<u>614,931</u>	<u>5,720</u>	<u>-</u>	<u>620,651</u>
Capital assets being depreciated:				
Buildings	1,667,192	-	-	1,667,192
Infrastructure	535,847	-	-	535,847
Equipment	710,497	153,443	-	863,940
Vehicles	<u>1,263,108</u>	<u>-</u>	<u>-</u>	<u>1,263,108</u>
Total capital assets being depreciated	<u>4,176,644</u>	<u>153,443</u>	<u>-</u>	<u>4,330,087</u>
Less accumulated depreciation for:				
Buildings	307,160	33,417	-	340,577
Infrastructure	60,748	10,717	-	71,465
Equipment	504,972	39,375	-	544,347
Vehicles	<u>766,568</u>	<u>100,402</u>	<u>-</u>	<u>866,970</u>
Total accumulated depreciation	<u>1,639,448</u>	<u>183,911</u>	<u>-</u>	<u>1,823,359</u>
Total capital assets being depreciated, net	<u>2,537,196</u>			<u>2,506,728</u>
Governmental activity capital assets, net	<u>\$ 3,152,127</u>			<u>\$ 3,127,379</u>

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

General government	\$ 37,448
Public safety	142,066
Transportation	-
Cultural and recreation	<u>4,397</u>
Total depreciation expense	<u>\$ 183,911</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 513,401	\$ 1,688,095	\$ 23,500	\$ 2,177,996
Land	<u>19,407</u>	<u>-</u>	<u>-</u>	<u>19,407</u>
Total capital assets not being depreciated	<u>532,808</u>	<u>1,688,095</u>	<u>23,500</u>	<u>2,197,403</u>
Capital assets being depreciated:				
Buildings	627,039	-	-	627,039
Plant and distribution system	13,700,853	-	-	13,700,853
Equipment and vehicles	671,994	-	-	671,994
Improvements	<u>218,446</u>	<u>-</u>	<u>-</u>	<u>218,446</u>
Total capital assets being depreciated	<u>15,218,332</u>	<u>-</u>	<u>-</u>	<u>15,218,332</u>
Less accumulated depreciation for:				
Buildings	255,712	12,523	-	268,235
Plant and distribution system	5,644,287	265,362	-	5,909,649
Equipment and vehicles	608,757	24,295	-	633,052
Improvements	<u>79,697</u>	<u>4,440</u>	<u>-</u>	<u>84,137</u>
Total accumulated depreciation	<u>6,588,453</u>	<u>306,620</u>	<u>-</u>	<u>6,895,073</u>
Total capital assets being depreciated, net	<u>8,629,879</u>			<u>8,323,259</u>
Business-type activity capital assets, net	<u>\$ 9,162,687</u>			<u>\$ 10,520,662</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employees' Retirement System

Plan Description. The Town of Yanceyville 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 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 thirteen 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 the State

Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries 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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Yanceyville 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 Yanceyville's contractually required contribution rate for the year ended June 30, 2020, was 8.95% 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 Yanceyville were \$29,281 for the year ended June 30, 2020.

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

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

At June 30, 2020, the Town reported a liability of \$154,843 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.00567%, which was a decrease of 0.00001% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$69,149. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,513	\$ -
Changes of assumptions	25,237	-
Net difference between projected and actual earnings on pension plan investments	3,776	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	400	6,742
Town contributions subsequent to the measurement date	29,281	-
Total	<u>\$ 85,207</u>	<u>\$ 6,742</u>

\$29,281 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 asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 25,709
2022	6,762
2023	13,783
2024	2,929
2025	-
Thereafter	-

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

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

rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 354,155	\$ 154,843	\$ (10,825)

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

b. Law Enforcement Officers Special Separation Allowance

As of July 1, 2009, the police department was disbanded and consolidated with the Caswell County Sheriff's department. Therefore, the town is no longer obligated to fund the law enforcement officer's special separation allowance.

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	Total
Pension Expense	\$ 69,149	\$ 69,149
Pension Liability	154,843	154,843
Proportionate share of the net pension liability	0.00567%	
Deferred Outflows of Resources		
Differences between expected and actual experience	26,513	26,513
Changes of assumptions	25,237	25,237
Net difference between projected and actual earnings on plan investments	3,776	3,776
Changes in proportion and differences between contributions and proportionate share of contributions	400	400
Benefit payments and administrative costs paid subsequent to the measurement date	29,281	29,281
Deferred Inflows of Resources		
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,742	6,742

c. Supplemental Retirement Income Plan

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. 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 is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. 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. General employees may contribute to the Supplemental Retirement Income plan. The contributions made by general employees for the year ended June 30, 2020 were \$520.

d. Firefighter's and Rescue Squad Worker's Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Yanceyville, to the Firefighter's and Rescue Squad Worker's Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers that 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. 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 Firefighter's and Rescue Squad Worker's Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. 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. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2020, the State contributed \$18,302,000 to the plan. The Town of Yanceyville's proportionate share of the State's contribution is \$15,856.

Refunds of Contributions – Plan members who are no longer eligible to choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2020, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$31,434. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the

Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2020 and at June 30, 2019 was 0%.

For the year ended June 30, 2020, the Town recognized pension expense of \$16,549 and revenue of \$16,549 for support provided by the State. At June 30, 2020, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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

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

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established 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.

For the fiscal year ended June 30, 2020, the Town made contributions to the State for death benefits of \$130. The Town's required contributions for employees not engaged in law enforcement represented 0.05% of covered payroll.

3. Deferred Outflows and Inflows of Resources

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

<u>Sources</u>	<u>Amount</u>
Differences between expected and actual experience	\$ 26,513
Changes in assumptions	25,237
Net difference between projected and actual earnings on plan investments	3,776
Changes in proportion and differences between contributions and proportionate share of contributions	400
Benefit payments and administrative cost paid subsequent to measurement date	<u>29,281</u>
Total	<u>\$ 85,207</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 23,474
Differences between expected and actual experience	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>6,742</u>	<u>-</u>
Total	<u>\$ 6,742</u>	<u>\$ 23,474</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk –financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, worker's compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the town upon request.

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

The Town's property coverage through the North Carolina League of Municipalities includes insurance against losses from floods.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$104,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Claims, Judgments, and Contingent Liabilities

According to the Town's attorney, there are no suits pending against the Town that would materially affect the financial statements.

6. Long-Term Obligations

a. Installment Purchase Agreements & Other Financing Agreements

Serviced by General Fund:

In September 2015, the Town entered into a \$750,000 financing agreement. The proceeds from the financing agreement were used to pay the construction loan. The agreement requires ten annual principal payments only of \$75,000 beginning June 2016.

In October 2018, the Town entered into a \$234,933 loan agreement to purchase a fire truck. The agreement requires ten annual principal payments only of \$23,493 beginning February 2019.

Serviced by the Water and Sewer Fund:

In April 2000, the Town entered into a \$1,800,000 drinking water revolving loan agreement to finance the construction of water and sewer system facilities with an interest rate of 2.60 percent. The financing contract requires twenty annual principal payments of \$90,000 beginning May 2001. Semi-annual interest payments are required each May and November.

Annual debt service payments of these installment purchase agreements as of June 30, 2020, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 98,493	\$ -	\$ -	\$ -
2022	98,493	-	-	-
2023	98,493	-	-	-
2024	98,493	-	-	-
2025	98,493	-	-	-
Thereafter	70,480	-	-	-
	<u>\$ 562,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b. Revenue Bonds

Revenue bonds payable at June 30, 2020 are comprised of the following individual issues:

Serviced by the Water and Sewer Fund:

\$2,706,673 Water and Sewer Revenue Bonds issued for refinancing of the USDA bonds. Principal installments are due annually on June 1 with annual interest payments due at an annual interest rate of 3.62%. On June 18, 2013 the town refinanced these bonds with BB&T to lower the interest rate to 3.62%. This resulted in a bond discount of \$ 22,206 that will be amortized over the life of the bonds. The refinancing resulted in a savings of \$1,004,944 in interest. \$ 1,852,158

\$673,000 Water and Sewer Revenue Bond issued for refinancing of BB&T Bond Anticipation Note. Principal installments are due annually on June 1 with annual interest payments due at annual interest rate of 2.75% \$ 612,000
\$ 2,464,158

The Town's revenue bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. The principal and interest on the bonds are payable from the revenues of the Water and Sewer System. The taxing power of the Town is not pledged for the payment of the principal or interest on the revenue bonds. Principal and interest requirements are appropriated when due.

The future payments of the revenue bonds for the years ending June 30, 2020 are as follows:

Year Ending	Business Type	
	Activities	
June 30	Principal	Interest
2021	\$ 147,934	\$ 83,787
2022	151,987	78,619
2023	157,265	73,212
2024	161,667	67,624
20245	166,093	61,876
Thereafter	<u>1,679,212</u>	<u>425,332</u>
	<u>\$ 2,464,158</u>	<u>\$ 790,450</u>

The Town is in compliance with the covenants as to rates, fees, rentals, charges and debt service coverage ratio. The Town has pledged water and sewer customer revenues, net of specified expenses, to pay the water and sewer fee revenue bonds. The bonds are payable solely from water and sewer fee customer net revenues. Related principal and interest paid for the current year are \$233,108 or 55% of available net revenues of \$426,688.

Operating revenues	\$1,755,442
Operating expenses*	1,347,926
Operating income	407,516
Nonoperating revenues (expenses)**	19,172
Income available for debt service	426,688
Debt service, principal and interest paid (Revenue bond only)	233,108
Debt service coverage ratio	183%

*Per rate covenants, this does not include the depreciation expense of \$306,620

**Per rate covenants, this does not include revenue bond interest paid of \$83,786

At June 30, 2020, the Town of Yanceyville had a legal debt margin of \$7,516,487.

c. Changes in Long-Term Liabilities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Curent Portion of Balance
Governmental activities:					
Other financing agreements	\$ 661,440	\$ -	\$ 98,493	\$ 562,947	\$ 98,493
Compensated absences	5,305	2,977	2,771	5,511	2,756
Net pension liability (LGERS)	43,120	6,430	-	49,550	-
Governmental activity long-term liabilities	<u>\$ 709,865</u>	<u>\$ 9,407</u>	<u>\$ 101,264</u>	<u>\$ 618,008</u>	<u>\$ 101,249</u>
Business-type activities:					
Compensated absences	\$ 27,852	\$ 15,627	\$ 14,548	\$ 28,931	\$ 14,466
Revenue bonds	2,608,266	-	144,108	2,464,158	147,934
Net pension liability (LGERS)	91,629	13,664	-	105,293	-
Installment purchases	90,000	-	90,000	-	-
Business-type activity long-term liabilities	<u>\$ 2,817,747</u>	<u>\$ 29,291</u>	<u>\$ 248,656</u>	<u>\$ 2,598,382</u>	<u>\$ 162,400</u>

C. Interfund Balances and Activity

There were no internal funds at June 30, 2020.

D. On-Behalf Payments for Fringe Benefits and Salaries

The Town has recognized as a revenue and an expenditure payment for fringe benefits and salaries of \$16,549 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year-ended June 30, 2020. Under state law the local board of trustees for the fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

F. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	\$ 3,127,379	\$ 10,520,662
Less: Long-term Debt	<u>562,947</u>	<u>2,464,158</u>
Net Investment in Capital Asset	<u>\$ 2,564,432</u>	<u>\$ 8,056,504</u>

G. Fund Balances

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

<i>Total fund balance – General Fund</i>	\$	2,080,792
Less:		
Stabilization by State Stature		98,198
Streets – Powell Bill		301,921
Fire Truck Debt Payments		12,537
Public Safety		<u>-</u>
Remaining Fund Balance	\$	1,668,136

The Town of Yanceyville has adopted a minimum fund policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

IV. Jointly Governed Organizations

The Town, in conjunction with seven counties and thirty-eight other municipalities established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$550 to the Council during the fiscal year ended June 30, 2020.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VI. Significant Effects of Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2020 and April 30, 2021 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

VII. Restatements

Prior Period Adjustment

During the fiscal year ended June 30, 2020, the Town determined that the balance in the sales tax receivable accounts for both the General Fund and Water and Sewer Fund as of June 30, 2019, on the modified basis of accounting had been overstated. Therefore, an adjustment to beginning fund balance has been recorded, the net effect of which decreased beginning fund balance in the General Fund \$37,429 and decreased fund balance in the Water and Sewer Fund \$116,478. This adjustment was also made to the beginning net position for the governmental activities and the business-type activities in the government-wide statements in the same amounts, respectively.

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

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016
Yanceyville's proportion of the net pension liability (asset) (%)	0.0050%	0.0050%	0.0050%	0.0049%	0.0044%
Yanceyville's proportion of the net pension liability (asset) (\$)	\$154,843	\$134,749	\$75,928	\$104,633	\$19,837
Yanceyville's covered-employee payroll	\$325,708	\$271,495	\$295,271	\$271,495	\$237,964
Yanceyville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.54%	49.63%	25.71%	38.54%	8.34%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	91.63%	94.18%	91.47%	98.09%
	2015	2014			
Yanceyville's proportion of the net pension liability (asset) (%)	0.0029%	0.0039%			
Yanceyville's proportion of the net pension liability (asset) (\$)	(\$17,221)	\$47,010			
Yanceyville's covered-employee payroll	\$232,354	\$215,927			
Yanceyville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-7.41%	21.77%			
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%			

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

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

Town of Yanceyville, North Carolina
Town of Yanceyville's Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 23,439	\$ 22,145	\$ 22,145	\$ 19,683	\$ 15,872
Contributions in relation to the contractually required contribution	29,281	23,439	22,145	19,683	15,872
Contribution deficiency (excess)	<u>\$ (5,842)</u>	<u>\$ (1,294)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Yanceyville's covered-employee payroll	\$325,708	\$271,495	\$295,271	\$271,495	\$237,964
Contributions as a percentage of covered-employee payroll	8.99%	8.63%	7.50%	7.25%	6.67%

	2015	2014
Contractually required contribution	\$ 16,427	\$ 15,266
Contributions in relation to the contractually required contribution	16,427	15,266
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Yanceyville's covered-employee payroll	\$232,354	\$ 215,927
Contributions as a percentage of covered-employee payroll	7.07%	7.07%

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

Firefighters' and Rescue Squad Workers' Pension

	2020	2019	2018	2017	2016
Yanceyville's proportionate share of the net pension liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Yanceyville's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town of Yanceyville	31,434	11,271	8,753	9,466	2,294
Total	<u>\$ 31,434</u>	<u>\$ 11,271</u>	<u>\$ 8,753</u>	<u>\$ 9,466</u>	<u>\$ 2,294</u>
Yanceyville's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Yanceyville's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.69%	89.35%	84.94%	91.40%

	2015
Yanceyville's proportionate share of the net pension liability (%)	0.00%
Yanceyville's proportionate share of the net pension liability (\$)	\$ -
State's proportionate share of the net pension liability associated with Town of Yanceyville	8,298
Total	<u>\$ 8,298</u>
Yanceyville's covered-employee payroll	N/A
Yanceyville's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	93.42%

* The amounts presented for the prior fiscal year.

Town of Yanceyville, North Carolina
General Fund
Balance Sheet
June 30, 2020

ASSETS

Cash and cash equivalents	\$ 1,698,685
Receivables (net):	
Taxes	23,474
Accounts	94,198
Restricted cash	301,921
Due from cemetery fund	<u>4,000</u>
 Total assets	 <u><u>\$ 2,122,278</u></u>

LIABILITIES AND FUND BALANCES
LIABILITIES:

Accounts payable and accrued liabilities	\$ 18,012
Deferred revenue	<u>23,474</u>
 Total liabilities	 <u>41,486</u>

FUND BALANCES:

Restricted:	
Reserved by State Statute	98,198
Reserved for Powell bill	301,921
Reserved for Fire Truck Debt Payments	12,537
Unassigned	<u>1,668,136</u>
 Total fund balances	 <u>2,080,792</u>
 Total liabilities and fund balances	 <u><u>\$ 2,122,278</u></u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes:			
Current year		\$ 314,228	
Prior year		2,981	
Motor vehicles		16,359	
Penalties and interest		2,111	
Total	<u>\$ 329,000</u>	<u>335,679</u>	<u>\$ 6,679</u>
Other taxes and licenses:			
Local option sales tax		182,840	
Total	<u>150,000</u>	<u>182,840</u>	<u>32,840</u>
Unrestricted intergovernmental:			
Beverage tax		8,697	
Utility franchise tax		117,421	
Total	<u>128,800</u>	<u>126,118</u>	<u>(2,682)</u>
Permits and fees:			
Zoning fees		140	
Total	<u>500</u>	<u>140</u>	<u>(360)</u>
Sales and services:			
Facility rental		22,900	
Solid waste fee		25,957	
Yanceyville Fire Dept.		89,301	
Total	<u>143,200</u>	<u>138,158</u>	<u>(5,042)</u>
Restricted intergovernmental			
Powell Bill allocation		39,224	
Solid waste disposal tax		1,540	
Dan River Foundation grant		24,000	
On-behalf of payments - Fire		16,549	
FEMA grant		175,704	
FEMA SAFER grant		23,110	
NC Forestry grant		8,944	
NC Fire Fighter grant		21,340	
Total	<u>291,586</u>	<u>310,411</u>	<u>18,825</u>

(continued)

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Investment earnings	<u>40,000</u>	<u>30,273</u>	<u>(9,727)</u>
Other:			
Miscellaneous	<u>1,000</u>	<u>23,348</u>	<u>22,348</u>
Total Revenues	<u>1,084,086</u>	<u>1,146,967</u>	<u>62,881</u>
Expenditures:			
General government:			
Governing body:			
Salaries & employee benefits		<u>30,411</u>	
Total governing body	<u>27,600</u>	<u>30,411</u>	<u>(2,811)</u>
Administration:			
Salaries & employee benefits		119,186	
Operating expenditures		95,220	
Professional services		39,437	
Capital outlay		<u>16,278</u>	
Total administration	<u>347,100</u>	<u>270,121</u>	<u>76,979</u>
Total general government	<u>374,700</u>	<u>300,532</u>	<u>74,168</u>

(continued)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable) <u> </u>
Public safety:			
Fire department:			
Operating expenditures		93,898	
Capital outlay		298,809	
Total public safety	<u>398,786</u>	<u>392,707</u>	<u>6,079</u>
Transportation:			
Powell Bill expenditures		28,533	
Operating expenditures		-	
Capital outlay		2,750	
Total transportation	<u>67,550</u>	<u>31,283</u>	<u>36,267</u>
Public works:			
Street lighting		38,261	
Refuse collection		60,500	
Operating expenditures		4,802	
Total public works	<u>109,000</u>	<u>103,563</u>	<u>5,437</u>
Cultural & recreation:			
Operating expenditures		19,991	
Capital Outlay		5,720	
Total cultural & recreation	<u>46,500</u>	<u>25,711</u>	<u>20,789</u>

(continued)

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Debt service:			
Principal - capital lease	87,550	98,493	
Interest - capital lease	-	1,880	
Total debt service	<u>87,550</u>	<u>100,373</u>	<u>(12,823)</u>
Total expenditures	<u>1,084,086</u>	<u>954,169</u>	<u>129,917</u>
Revenues over (under) expenditures	<u>-</u>	<u>192,798</u>	<u>192,798</u>
Other financing sources (uses):			
Transfer from Water & Sewer		34,901	34,901
Proceeds from financing agreement	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>34,901</u>	<u>34,901</u>
Revenues over (under) expenditures and other uses	<u>-</u>	<u>227,699</u>	<u>\$ 227,699</u>
Fund balance appropriated	<u>-</u>		
Net change in fund balance	<u>\$ -</u>		
Fund balance, beginning, previously reported		1,890,522	
Prior period adjustment		<u>(37,429)</u>	
Fund balance, restated		<u>1,853,093</u>	
Fund balance, ending		<u><u>\$ 2,080,792</u></u>	

Town of Yanceyville, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Special Revenue Fund - Cemetary Fund
From Inception and for the Fiscal Year Ended June 30, 2020

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Danville Regional Foundation Grant	\$ 4,000	\$ 9,340	\$ 4,030	\$ 13,370	\$ 9,370
Lot sales	-	4,500	-	4,500	4,500
Total revenue	4,000	13,840	4,030	17,870	13,870
Expenditures:					
Economic & physical development:					
Maintenance	4,000	9,084	3,461	12,545	8,545
Operating expenditure	-	-	-	-	-
Total expenditures	4,000	9,084	3,461	12,545	8,545
Revenues over expenditures	-	4,756	569	5,325	5,325
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 4,756	569	\$ 5,325	\$ 5,325
Fund balance, beginning			4,756		
Fund balance, ending			\$ 5,325		

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for water sales		\$ 977,577	
Charges for sewer services		706,584	
Reconnect charges		3,280	
Lift station fees		11,669	
Late fees water and sewer		7,641	
Tappage fees		12,868	
Miscellaneous		35,823	
Total operating revenues	<u>\$ 1,667,810</u>	<u>1,755,442</u>	<u>\$ 87,632</u>
Nonoperating revenues:			
Investment earnings		20,396	
Total nonoperating revenues	<u>-</u>	<u>20,396</u>	<u>20,396</u>
Total revenues	<u>1,667,810</u>	<u>1,775,838</u>	<u>108,028</u>

(continued)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures:			
Water and sewer operations:			
Maintenance		549,745	
Salaries & employee benefits		350,366	
Collection & distribution		144,487	
Utilities		126,327	
Other departmental expenses		120,686	
Total water and sewer operations	<u>1,277,362</u>	<u>1,291,611</u>	<u>(14,249)</u>
Debt service:			
Principal retirement	234,108	234,108	
Interest paid	<u>91,340</u>	<u>91,339</u>	
Total debt service	<u>325,448</u>	<u>325,447</u>	<u>1</u>
Capital outlay	<u>65,000</u>	<u>10,500</u>	<u>54,500</u>
Total expenditures	<u>1,667,810</u>	<u>1,627,558</u>	<u>40,252</u>
Other Financing Sources (Uses)			
Transfer to General Fund		<u>(34,901)</u>	
Total Financing Sources (Uses)	<u>-</u>	<u>(34,901)</u>	<u>(34,901)</u>
Revenues over (under) expenditures	<u>-</u>	<u>113,379</u>	<u>113,379</u>
Fund equity appropriated	<u>-</u>		
	<u>\$ -</u>		

(continued)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		113,379	
Reconciling items:			
Principal retirement		234,108	
Capital outlay		(13,000)	
Depreciation		(306,620)	
Contributed capital		1,719,495	
Pension expense adjustment		(4,627)	
Bond discount amortization		(1,224)	
Decrease in accrued interest payable		7,554	
Increase in accrued vacation		(1,079)	
Decrease in deferred outflows of resources - pension		(10,736)	
Increase in net pension liability		(13,664)	
Increase in deferred inflows of resources - pension		<u>(2,710)</u>	
Total reconciling items		<u>1,607,497</u>	
Change in net position		<u>\$ 1,720,876</u>	

Town of Yanceyville, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Water and Sewer Capital Projects - WWTP Rehabilitation Fund
From Inception and for the Fiscal Year Ended June 30, 2020

	Project Author- ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Grant	\$ 2,129,895	\$ 213,500	\$ 1,719,495	\$ 1,932,995	\$ (196,900)
Expenditures:					
Economic and physical development:					
Engineering fees	353,909	260,400	11,608	272,008	81,901
Grant administration fees	175,000	105,000	65,000	170,000	5,000
Construction	1,600,986	-	1,600,987	1,600,987	(1)
Total expenditures	2,129,895	365,400	1,677,595	2,042,995	86,900
Revenues over expenditures	-	(151,900)	41,900	(110,000)	(110,000)
Other financing sources (uses):					
Total other financing sources	-	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ (151,900)	41,900	\$ (110,000)	\$ (110,000)
Fund balance, beginning			(151,900)		
Fund balance, ending			\$ (110,000)		

Town of Yanceyville, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 333,274	\$ 327,887	\$ 5,387
2018-2019	6,929		2,880	4,049
2017-2018	2,967	-	724	2,243
2016-2017	2,064	-	245	1,819
2015-2016	2,534	-	37	2,497
2014-2015	2,454	-	394	2,060
2013-2014	2,512	-	473	2,039
2012-2013	1,937	-	388	1,549
2011-2012	1,722	-	252	1,470
2010-2011	1,984	-	28	1,956
2009-2010	1,600	-	1,600	-
	<u>\$ 26,703</u>	<u>\$ 333,274</u>	<u>\$ 334,908</u>	<u>25,069</u>
Less: allowance for uncollectable accounts:				
General Fund				<u>1,595</u>
Ad valorem taxes receivable - net				<u>\$ 23,474</u>
Reconciliation to revenues:				
Ad valorem taxes - General Fund				\$ 335,679
Reconciling items:				
Penalties and interest collected				(2,111)
Taxes written off				<u>1,340</u>
Subtotal				<u>(771)</u>
Total collections and credits				<u>\$ 334,908</u>

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

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 101,102,424	0.33	\$ 333,638	\$ 314,746	\$ 18,892
Penalties	-		-	-	-
Total	<u>101,102,424</u>		<u>333,638</u>	<u>314,746</u>	<u>18,892</u>
Discoveries:					
Current year taxes	3,333	0.33	11	11	-
Prior year taxes	-		-	-	-
Penalties	-		-	-	-
Total	<u>3,333</u>		<u>11</u>	<u>11</u>	<u>-</u>
Abatements	<u>(113,636)</u>		<u>(375)</u>	<u>(375)</u>	<u>-</u>
Total property valuation	<u>\$ 100,992,121</u>				
Net levy			333,274	315,132	18,892
Uncollected taxes at June 30, 2020			<u>5,387</u>	<u>5,387</u>	<u>-</u>
Current year's taxes collected			<u>\$ 327,887</u>	<u>\$ 309,745</u>	<u>\$ 18,892</u>
Current levy collection percentage			<u>98.38%</u>	<u>98.29%</u>	<u>100.00%</u>

Town of Yanceyville, North Carolina
Schedule of Net Position
Water and Sewer Fund by Function
For the Fiscal Year Ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,075,960	\$ 717,306	\$ 1,793,266
Accounts receivable (net) - billed	220,899	147,266	368,165
Grant receivable	179,360	119,574	298,934
Bond discount	8,076	5,384	13,460
Restricted cash and cash equivalents	1,134	756	1,890
Total current assets	<u>1,485,429</u>	<u>990,286</u>	<u>2,475,715</u>
Noncurrent assets			
Capital assets			
Land and other non-depreciable assets	1,318,442	878,961	2,197,403
Other capital assets, net of depreciation	4,993,955	3,329,304	8,323,259
Capital assets	<u>6,312,397</u>	<u>4,208,265</u>	<u>10,520,662</u>
Total noncurrent assets	<u>6,312,397</u>	<u>4,208,265</u>	<u>10,520,662</u>
Total assets	<u>\$ 7,797,826</u>	<u>\$ 5,198,551</u>	<u>\$ 12,996,377</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in fiscal year	<u>\$ 34,765</u>	<u>\$ 23,176</u>	<u>\$ 57,941</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 48,629	\$ 32,419	\$ 81,048
Accrued interest payable	50,272	33,515	83,787
Compensated absences	8,680	5,786	14,466
Customer deposits	1,134	756	1,890
Revenue bond payable	88,760	59,174	147,934
Total current liabilities	<u>197,475</u>	<u>131,650</u>	<u>329,125</u>
Noncurrent liabilities			
Compensated absences	8,679	5,786	14,465
Pension Liability	63,176	42,117	105,293
Revenue bonds payable	1,389,734	926,490	2,316,224
Total noncurrent liabilities	<u>1,461,589</u>	<u>974,393</u>	<u>2,435,982</u>
Total liabilities	<u>\$ 1,659,064</u>	<u>\$ 1,106,043</u>	<u>\$ 2,765,107</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>\$ 2,750</u>	<u>\$ 1,834</u>	<u>\$ 4,584</u>
NET POSITION			
Net investment in capital assets	\$ 4,833,902	\$ 3,222,602	\$ 8,056,504
Water Line Debt Payment Reserve	16,776	11,184	27,960
Water Line Short-Lived Asset Reserve	61,771	41,180	102,951
Unrestricted	1,258,327	838,885	2,097,212
Total net position	<u>\$ 6,170,776</u>	<u>\$ 4,113,851</u>	<u>\$ 10,284,627</u>

Town of Yanceyville, North Carolina
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Water and Sewer Fund by Function
For the Fiscal Year Ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,019,466	\$ 679,644	\$ 1,699,110
Late fees	4,585	3,056	7,641
Tappage fees	7,721	5,147	12,868
Miscellaneous	21,494	14,329	35,823
Total operating revenues	<u>1,053,266</u>	<u>702,176</u>	<u>1,755,442</u>
OPERATING EXPENSES			
Maintenance	329,847	219,898	549,745
Collection and distribution	86,692	57,795	144,487
Utilities	75,796	50,531	126,327
Salaries and benefits	229,909	153,273	383,182
Other water and sewer expenditures	86,511	57,674	144,185
Depreciation	183,972	122,648	306,620
Total operating expenses	<u>992,727</u>	<u>661,819</u>	<u>1,654,546</u>
Operating income	<u>60,539</u>	<u>40,357</u>	<u>100,896</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	12,238	8,158	20,396
Interest expense	(50,272)	(33,514)	(83,786)
Amortization of bond discount	(734)	(490)	(1,224)
Total non-operating revenue (expenses)	<u>(38,768)</u>	<u>(25,846)</u>	<u>(64,614)</u>
Change in net position before contributions and transfers	21,771	14,511	36,282
Transfer to general fund	(20,941)	(13,960)	(34,901)
Capital contributions	<u>1,031,697</u>	<u>687,798</u>	<u>1,719,495</u>
Change in net position	<u>1,032,527</u>	<u>688,349</u>	<u>1,720,876</u>
Total net position, beginning	5,208,137	3,472,092	8,680,229
Restatement	<u>(69,887)</u>	<u>(46,591)</u>	<u>(116,478)</u>
Total net position, beginning, restated	5,138,250	3,425,501	8,563,751
Total net position, ending	<u>\$ 6,170,777</u>	<u>\$ 4,113,850</u>	<u>\$ 10,284,627</u>

Town of Yanceyville, North Carolina
Schedule of Cash Flows
Water and Sewer Fund by Function
For the Fiscal Year Ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,031,728	\$ 687,819	\$ 1,719,547
Cash paid for goods and services	(533,635)	\$ (355,756)	(889,391)
Cash paid to or on behalf of employees for services	(212,996)	\$ (141,997)	(354,993)
Net change in customer deposits	(79)	\$ (52)	(131)
Net cash provided by operating activities	<u>285,018</u>	<u>190,014</u>	<u>475,032</u>
CASH FLOWS FROM NONCAPITAL FINANCING			
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,012,857)	(675,238)	(1,688,095)
Principal paid on bond maturities	(86,465)	(57,643)	(144,108)
Principal paid on loan	(54,000)	(36,000)	(90,000)
Interest and fees paid on debt maturities	(54,803)	(36,536)	(91,339)
Operating transfer to general fund	-	-	-
Capital contributions-federal grant	<u>852,337</u>	<u>568,224</u>	<u>1,420,561</u>
Net cash used by capital and related financing activities	<u>(355,788)</u>	<u>(237,193)</u>	<u>(592,981)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>12,238</u>	<u>8,158</u>	<u>20,396</u>
Net increase in cash and cash equivalents	(58,532)	(39,021)	(97,553)
Balances, beginning	1,135,625	757,084	1,892,709
Balances, ending	<u>\$ 1,077,093</u>	<u>\$ 718,062</u>	<u>\$ 1,795,156</u>

(continued)

Town of Yanceyville, North Carolina
Schedule of Cash Flows
Water and Sewer Fund by Function
For the Fiscal Year Ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 60,539	\$ 40,357	\$ 100,896
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	183,972	122,648	306,620
Pension adjustment	14,100	9,400	23,500
			-
Changes in assets and liabilities:			
(Increase) in accounts receivable	(21,538)	(14,358)	(35,896)
Decrease in deferred outflow of resources for pension	6,442	4,294	10,736
Increase in accounts payable and accrued liabilities	31,112	20,742	51,854
Increase in accrued vacation pay	647	432	1,079
(Decrease) in customer deposits	(79)	(52)	(131)
Increase in pension liability	8,198	5,466	13,664
Increase in deferred inflow of resources for pension	1,626	1,084	2,710
Total adjustments	<u>224,480</u>	<u>149,656</u>	<u>374,136</u>
Net cash provided by operating activities	<u>\$ 285,019</u>	<u>\$ 190,013</u>	<u>\$ 475,032</u>



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 Town Council
Town of Yanceyville
Yanceyville, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Yanceyville as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Yanceyville's basic financial statements, and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Yanceyville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Yanceyville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Yanceyville'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 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (20-1) that we consider to be a material weakness.

MEMBER OF:

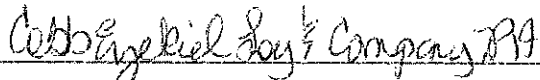
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • AICPA PRIVATE COMPANIES PRACTICE SECTION • NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants

Graham, North Carolina

April 30, 2021

**Report on Compliance for Each Major Federal Program; 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 Yanceyville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Yanceyville, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Yanceyville's major federal programs for the year ended June 30, 2020. The Town of Yanceyville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Yanceyville 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, 2020.

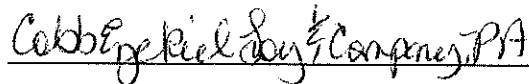
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Certified Public Accountants

Graham, North Carolina

April 30, 2021

Town of Yanceyville
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(s) identified
that are not considered to be
material weaknesses ☐ yes ☒ none reported

Noncompliance material to financial
statements noted

☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified ☐ yes ☒ no
- Significant Deficiency(s) identified ☐ yes ☒ none reported

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

Any audit findings disclosed that are
required to be reported in accordance
with 2CFR 200.516(a)?

☐ yes ☒ no

Identification of major federal programs:

Federal Program

CFDA 14.228 Community Development Block Grant – Infrastructure fund

Dollar threshold used to distinguish

between Type A and Type B Programs? \$750,000

Auditee qualify as low-risk auditee?

☐ yes ☒ no

**Town of Yanceyville
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section II. Financial Statement Findings

MATERIAL WEAKNESS

20-1 Segregation of Duties

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

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

Effect: Transactions could be mishandled.

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

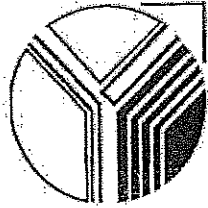
Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 19-1.

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

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrections plan on page 79 of this audit report.

Section III. Federal Award Findings and Questioned Costs

None reported.



TOWN OF YANCEYVILLE

"Tradition with Vision"

INCORPORATED
1986

Town of Yanceyville Corrective Action Plan For the Year Ended June 30, 2020

Section II. Financial Statement Findings

Material Weakness

20-1 Segregation of Duties

Name of Contact Person: Ryan Strader, Finance Officer

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

Proposed Completion Date: The Board will continue the above procedure.

Section III. Federal Award Findings and Questioned Costs

None

**Town of Yanceyville
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020**

Finding: 19-1

Status: Duties are being separated as much as possible and alternative controls have been implemented to compensate for this lack of separation. The governing board remains involved in providing some of these controls by continuing to authorize transactions and by monitoring the duties of the Finance Officer on a regular and timely basis.

TOWN OF YANCEYVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass Through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:				
Cash Programs:				
U.S. Department of Housing and Urban Development:				
Passed-through NC Department of Environmental Quality:				
Division of Water Infrastructure:				
Community Development Block Grant -				
Infrastructure Fund	14.228	\$ 1,677,595	\$ -	\$ -
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant -	97.044	174,704	-	9,248
Staffing for Adequate Fire and Emergency Response (SAFER)-	97.083	19,636	-	-
State Awards:				
N.C. Department of Transportation:				
Powell Bill		-	28,533	-
N.C. Department of Insurance:				
State Fire Protection Grant		-	21,340	-
Total assistance		<u>\$ 1,871,935</u>	<u>\$ 49,873</u>	<u>\$ 9,248</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Yanceyville under the programs of federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of The Town of Yanceyville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Yanceyville.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

TOWN OF YANCEYVILLE
 GASB 34 CALCULATION OF MAJOR FUNDS
 June 30, 2020

Note: Revenue includes operating and nonoperating but not other financing sources. Amounts should be taken from the fund statements instead of the government-wide.

Type of Fund	Computes "X" if Meets			Computes "X" if Meets			Computes "X" if Meets			Computes "MAJOR" if Fund is Major if a "Category" Has an "X" in Both Columns. Then Fund is a Major Fund		
	Assets	10% Rule	5% Rule	Liabilities	10% Rule	5% Rule	Revenue	10% Rule	5% Rule			
General Fund	2,122,278	N/A	N/A	41,486	N/A	N/A	1,146,987	N/A	N/A	954,169	N/A	YES, ALWAYS MAJOR
Special Revenue Funds:												
CDBG - #8	0	-	-	0	-	-	0	-	-	0	-	-
Cemetery Fund	9,325	-	-	4,000	-	-	4,030	-	-	3,461	-	-
NA		-	-		-	-		-	-		-	-
NA		-	-		-	-		-	-		-	-
Other Special Revenue Fund 1		-	-		-	-		-	-		-	-
Other Special Revenue Fund 2		-	-		-	-		-	-		-	-
Other Special Revenue Fund 3		-	-		-	-		-	-		-	-
Debt Service Fund		-	-		-	-		-	-		-	-
Capital Projects Funds:												
NA		-	-		-	-		-	-		-	-
NA		-	-		-	-		-	-		-	-
NA	0	-	-	0	-	-	0	-	-	0	-	-
NA	0	-	-	0	-	-	0	-	-	0	-	-
NA	0	-	-	0	-	-	0	-	-	0	-	-
NA	0	-	-	0	-	-	0	-	-	0	-	-
Total Governmental Funds	2,131,603			45,486			1,150,997			957,630		
10 % of Total Governmental Funds	213,160			4,549			115,100			95,783		
Enterprise Funds:												MAJOR
Landfill Fund		-	-		-	-		-	-		-	-
Water and Sewer District	12,896,377	X	X	2,765,107	X	X	1,755,442	X	X	1,654,546	X	-
Other Enterprise Fund 1	0	-	-	0	-	-	0	-	-	0	-	-
Other Enterprise Fund 2	0	-	-	0	-	-	0	-	-	0	-	-
Other Enterprise Fund 3	0	-	-	0	-	-	0	-	-	0	-	-
Other Enterprise Fund 4	0	-	-	0	-	-	0	-	-	0	-	-
Total Enterprise Funds	12,996,377			2,765,107			1,755,442			1,654,546		
10% of Total Enterprise Funds	1,299,638			276,511			175,544			165,455		
Total Governmental & Enterprise Funds	15,127,980			2,810,593			2,906,439			2,612,176		
5% of Total Governmental & Enterprise Funds	756,399			140,530			145,322			130,609		