

REVIEWED

By SLGFD at 7:36 am, May 26, 2022

TOWN OF RONDA, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019



Town Council Members

Rheajean Benge, Mayor
Kay Luffman
Helen Porter
Kevin Reece
JoAnn Royal
Sandra Simmons

Administrative and Financial Staff

Tracy Romans, Town Clerk

TOWN OF RONDA, NORTH CAROLINA
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June 30, 2019

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Ronda, North Carolina (the "Town") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Ronda, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Ronda, North Carolina. The Individual Fund Statements and Schedules (budgetary schedules), and Other Schedules ("supplementary and other information") on pages 30 through 34, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
May 3, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

As management of the Town of Ronda, North Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to examine the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

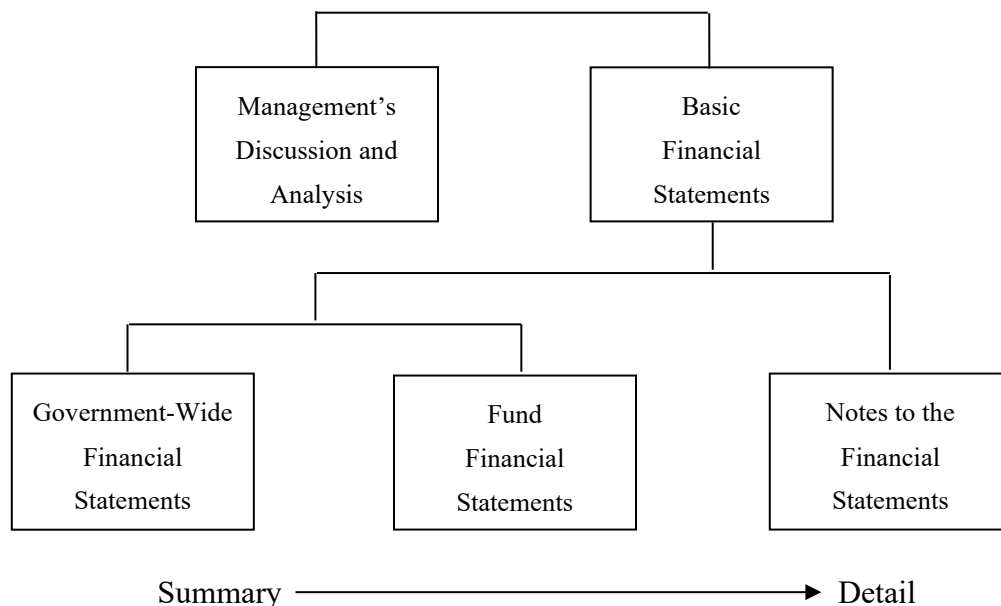
- The assets and deferred outflows of resources of the Town of Ronda exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,726,390 (net position).
- The government's total net position decreased by \$23,042.
- As of the close of the current fiscal year, the Town's governmental fund reported ending fund balance of \$318,327 with a net decrease of \$10,451 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$159,911, or 59.8%, of the total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Ronda, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Ronda can be divided into three categories: governmental funds, proprietary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow Exhibit 8 of the audit report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Government-Wide Financial Analysis
Town of Ronda's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 324,716	\$ 335,068	\$ 93,508	\$ 98,787	\$ 418,224	\$ 433,855
Capital assets	66,021	69,655	1,707,184	1,746,993	1,773,205	1,816,648
Total assets	390,737	404,723	1,800,692	1,845,780	2,191,429	2,250,503
Liabilities:						
Long-term liabilities	-	-	408,740	408,740	408,740	408,740
Other liabilities	3,561	3,149	52,738	88,869	56,299	92,018
Total liabilities	3,561	3,149	461,478	497,609	465,039	500,758
Net Position:						
Net investment in capital assets	66,021	69,655	1,298,444	1,306,811	1,364,465	1,376,466
Restricted	158,416	128,522	-	-	158,416	128,522
Unrestricted	162,739	203,397	40,770	41,360	203,509	244,757
Total net position	\$ 387,176	\$ 401,574	\$ 1,339,214	\$ 1,348,171	\$ 1,726,390	\$ 1,749,745

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Ronda exceeded liabilities by \$1,726,390 as of June 30, 2019. The Town's net position decreased by \$23,042 for the fiscal year ended June 30, 2019. However, the largest portion (79%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Ronda uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ronda's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$158,416, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$203,509 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position, particularly a collection rate of 95.9% for property taxes.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Town of Ronda's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,880	\$ 1,060	\$ 177,452	\$ 141,561	\$ 180,332	\$ 142,621
Operating grants and contributions	17,022	17,276	-	-	17,022	17,276
General revenues:						
Property taxes	67,278	72,299	-	-	67,278	72,299
Unrestricted intergovernmental	161,247	151,102	-	-	161,247	151,102
Other	8,446	3,652	12,747	20,137	21,193	23,789
Total revenues	<u>256,873</u>	<u>245,389</u>	<u>190,199</u>	<u>161,698</u>	<u>447,072</u>	<u>407,087</u>
Expenses:						
General government	127,000	123,544	-	-	127,000	123,544
Transportation	108,209	36,444	-	-	108,209	36,444
Environmental protection	35,749	34,107	-	-	35,749	34,107
Water and sewer	-	-	199,156	210,996	199,156	210,996
Total expenses	<u>270,958</u>	<u>194,095</u>	<u>199,156</u>	<u>210,996</u>	<u>470,114</u>	<u>405,091</u>
Change in net position	(14,085)	51,294	(8,957)	(49,298)	(23,042)	1,996
Net position, beginning	<u>401,261</u>	<u>350,280</u>	<u>1,348,171</u>	<u>1,397,469</u>	<u>1,749,432</u>	<u>1,747,749</u>
Net position, ending	<u>\$ 387,176</u>	<u>\$ 401,574</u>	<u>\$ 1,339,214</u>	<u>\$ 1,348,171</u>	<u>\$ 1,726,390</u>	<u>\$ 1,749,745</u>

Governmental activities - Governmental activities decreased the Town's net position by \$14,085, thereby accounting for 61.1% of the total decrease in the net position of the Town of Ronda.

Business-type activities - Business-type activities decreased the Town's net position by \$8,957 accounting for 38.9% of the total decrease in the government's net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Ronda. At the end of the current fiscal year, the Town of Ronda's fund balance available in the General Fund was \$159,911, while the total fund balance was \$318,327. The Town currently has an available fund balance of 59.8% of General Fund expenditures, while total fund balance represents 119.1% of the same amount.

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

Revenues exceeded budget because of increased property tax assessments and the inclusion of Peach Festival revenues that were not included in the budget. Expenditures exceeded budget because of the opportunity to purchase land for the fire department that had not been anticipated when the budget was prepared.

Proprietary Fund - The Town's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$40,770. The total decrease in the net position of the Water and Sewer Fund was \$8,957.

Capital Asset and Debt Administration

Capital Assets - The Town of Ronda's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$1,748,205 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Town of Ronda, North Carolina's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 59,813	\$ 59,813	\$ 21,402	\$ 21,402	\$ 81,215	\$ 81,215
Buildings and improvements	1,172	2,108	-	-	1,172	2,108
Water system	-	-	1,656,032	1,718,297	1,656,032	1,718,297
Vehicles	5,036	7,734	4,750	7,294	9,786	15,028
Total	<u>\$ 66,021</u>	<u>\$ 69,655</u>	<u>\$ 1,682,184</u>	<u>\$ 1,746,993</u>	<u>\$ 1,748,205</u>	<u>\$ 1,816,648</u>

Additional information regarding the Town's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt - As of June 30, 2019 and 2018, the Town of Ronda had \$408,740 and \$440,182, respectively, of debt outstanding relating to the purchase of assets for public safety and water/sewer.

Additional information regarding the Town's long-term debt can be found in the notes to the basic financial statements.

Town of Ronda's Outstanding Debt - The Town's total debt decreased by \$31,442 during the past fiscal year due to debt payments on outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Ronda is \$1,555,000.

Economic Factors and Next Year's Budgets and Rates

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

- The Town has scheduled events for the Ronda Roundabout Fall Festival for the coming year that has already generated much interest from attendees across the state.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Budgeted expenditures in the General Fund are expected to increase approximately 18% to \$37,225, primarily due to increases in professional services. The Town doesn't not plan on increasing revenue sources to cover this increase but utilize current funding.

Business-type Activities: The water and sewer revenues are budgeted to remain flat for 2020, while expenses are only expected to increase by 2%.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Office, Town of Ronda, North Carolina, P.O. Box 398, Ronda, NC 28670. You can also call (336) 835-2061, visit our website www.townofrondanc.com or send an email to administration@townofronda.org for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF RONDA, NORTH CAROLINA
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 173,372	\$ 8,384	\$ 181,756
Receivables, taxes, net	2,828	-	2,828
Receivables, accounts, net	-	44,874	44,874
Due from other governments	39,094	-	39,094
Internal balances	(9,900)	9,900	-
Restricted cash and cash equivalents	119,322	30,350	149,672
Total current assets	324,716	93,508	418,224
Non-current assets:			
Note receivable, non-current portion	-	25,000	25,000
Land, non-depreciable improvements	59,813	21,402	81,215
Other capital assets, net of depreciation	6,208	1,660,782	1,666,990
Total non-current assets	66,021	1,707,184	1,773,205
Total assets	390,737	1,800,692	2,191,429
Liabilities			
Current liabilities:			
Accounts payable	3,561	22,388	25,949
Current portion of long-term liabilities	-	31,442	31,442
Payable from restricted assets	-	30,350	30,350
Total current liabilities	3,561	84,180	87,741
Long-term liabilities:			
Due in more than one year	-	377,298	377,298
Total liabilities	3,561	461,478	465,039
Net Position			
Net investment in capital assets	66,021	1,298,444	1,364,465
Restricted for Stabilization by State Statute	39,094	-	39,094
Restricted for Streets	119,322	-	119,322
Unrestricted	162,739	40,770	203,509
Total net position	\$ 387,176	\$ 1,339,214	\$ 1,726,390

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

TOWN OF RONDA, NORTH CAROLINA
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
Primary government:				
Governmental activities:				
General government	\$ 127,000	\$ 2,880	\$ -	\$ -
Transportation	108,209	-	17,022	-
Environmental protection	35,749		-	-
Total governmental activities	<u>270,958</u>	<u>2,880</u>	<u>17,022</u>	<u>-</u>
Business-type activities:				
Water and sewer	199,156	177,452	-	-
Total business-type activities	<u>199,156</u>	<u>177,452</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 470,114</u>	<u>\$ 180,332</u>	<u>\$ 17,022</u>	<u>\$ -</u>

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Functions/Programs			
Primary government:			
Governmental activities:			
General government	\$ (124,120)	\$ -	\$ (124,120)
Transportation	(91,187)	-	(91,187)
Environmental protection	(35,749)	-	(35,749)
Total governmental activities	<u>(251,056)</u>	<u>-</u>	<u>(251,056)</u>
Business-type activities:			
Water and sewer	-	(21,704)	(21,704)
Total business-type activities	<u>-</u>	<u>(21,704)</u>	<u>(21,704)</u>
Total primary government	<u>(251,056)</u>	<u>(21,704)</u>	<u>(272,760)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	67,278	-	67,278
Unrestricted intergovernmental	161,247	-	161,247
Unrestricted investment earnings	6,890	461	7,351
Miscellaneous	1,556	12,286	13,842
Total general revenues excluding transfers	<u>236,971</u>	<u>12,747</u>	<u>249,718</u>
Transfers			-
Total general revenues and transfers	<u>236,971</u>	<u>12,747</u>	<u>249,718</u>
Change in net position	<u>(14,085)</u>	<u>(8,957)</u>	<u>(23,042)</u>
Net position, beginning	<u>401,261</u>	<u>1,348,171</u>	<u>1,749,432</u>
Net position - ending	<u>\$ 387,176</u>	<u>\$ 1,339,214</u>	<u>\$ 1,726,390</u>

TOWN OF RONDA, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

		Total Governmental Funds
		Major Fund General Fund
Assets		
Cash and cash equivalents	\$	173,372
Restricted cash		119,322
Receivables - Taxes, net		2,828
Due from other governments		39,094
Total assets	\$	334,616
Liabilities		
Accounts payable and accrued liabilities	\$	3,561
Due to other funds		9,900
Total liabilities		13,461
Deferred Inflows of Resources		
Property taxes receivable		2,828
Total deferred inflows of resources		2,828
Fund Balances		
Restricted for:		
Stabilization by state statute		39,094
Streets		119,322
Unassigned		159,911
Total fund balances		318,327
Total liabilities, deferred inflows of resources and fund balances	\$	334,616
Reconciliation of the Balance Sheet to the Statement of Net Position:		
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Fund Balance, Governmental Funds	\$	318,327
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	151,485	
Accumulated depreciation	(85,464)	66,021
Earned revenues considered deferred inflows of resources in funds statements		2,828
Net position of governmental activities	\$	387,176

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

TOWN OF RONDA, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances**Governmental Funds****Year Ended June 30, 2019**

	Total Governmental Funds Major Fund General Fund
Revenues	
Ad valorem taxes	\$ 67,278
Unrestricted intergovernmental	161,247
Restricted intergovernmental	17,022
Sales and services	2,880
Investment earnings	6,890
Miscellaneous	1,556
Total revenues	<u>256,873</u>
Expenditures	
Current:	
General government	123,366
Transportation	108,209
Environmental protection	35,749
Total expenditures	<u>267,324</u>
Net change in fund balances	<u>(10,451)</u>
Fund balances, beginning	<u>328,778</u>
Fund balances, ending	<u><u>\$ 318,327</u></u>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:	
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (10,451)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Depreciation expense for governmental assets	<u>(3,634)</u>
Total changes in net position of governmental activities	<u><u>\$ (14,085)</u></u>

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

TOWN OF RONDA, NORTH CAROLINA

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Annual Budget and Actual - General Fund
Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 73,060	\$ 73,060	\$ 67,278	\$ (5,782)
Unrestricted intergovernmental	152,140	152,140	161,247	9,107
Restricted intergovernmental	17,250	17,250	17,022	(228)
Sales and services	500	500	2,880	2,380
Investment earnings	1,750	1,750	6,890	5,140
Miscellaneous	500	500	1,556	1,056
Total revenues	<u>245,200</u>	<u>245,200</u>	<u>256,873</u>	<u>11,673</u>
Expenditures				
Current:				
General government	167,810	167,810	123,366	44,444
Transportation	78,750	78,750	108,209	(29,459)
Environmental protection	36,130	36,130	35,749	381
Total expenditures	<u>282,690</u>	<u>282,690</u>	<u>267,324</u>	<u>15,366</u>
Revenues over (under) expenditures	<u>(37,490)</u>	<u>(37,490)</u>	<u>(10,451)</u>	<u>27,039</u>
Fund balance appropriated	<u>37,490</u>	<u>37,490</u>	<u>-</u>	<u>(37,490)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(10,451)</u>	<u>\$ (10,451)</u>
Fund balances, beginning			<u>328,778</u>	
Fund balances, ending			<u>\$ 318,327</u>	

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

TOWN OF RONDA, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

Exhibit 6

	Total Enterprise Fund <u>Major Fund</u> Water and Sewer Fund
Assets	
Current assets:	
Cash and equivalents	\$ 8,384
Account receivables, net	44,874
Due from other fund	9,900
Restricted cash and cash equivalents	30,350
Total current assets	<u>93,508</u>
Loan receivable	25,000
Capital assets:	
Land and other non-depreciable assets	21,402
Other capital assets, net of depreciation	1,660,782
Total noncurrent assets	<u>1,707,184</u>
Total assets	<u>1,800,692</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	22,388
Installment purchases - current	31,442
Liabilities payable from restricted assets:	
Customer deposits	30,350
Total current liabilities	<u>84,180</u>
Noncurrent liabilities:	
Installment purchases - noncurrent	377,298
Total noncurrent liabilities	<u>377,298</u>
Total liabilities	<u>461,478</u>
Net Position	
Net investment in capital assets	1,298,444
Unrestricted	40,770
Total net position	<u>\$ 1,339,214</u>

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

TOWN OF RONDA, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenses and Changes in Fund Net Position**Proprietary Fund****Year Ended June 30, 2019**

	Total Enterprise Fund Major Fund Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 177,452
Total operating revenues	<u>177,452</u>
Operating expenses:	
Water Administration	32,236
Water Production	64,886
Water Line Maintenance	37,225
Depreciation	64,809
Total operating expenses	<u>199,156</u>
Operating loss	<u>(21,704)</u>
Non-operating revenues (expenses):	
Investment earnings	461
Other income	12,286
Total non-operating revenues (expenses)	<u>12,747</u>
Change in net position	(8,957)
Total net position, beginning	<u>1,348,171</u>
Total net position, ending	<u>\$ 1,339,214</u>

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

TOWN OF RONDA, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2019

Exhibit 8

	Total Enterprise Fund <u>Major Fund</u> Water and <u>Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 181,531
Cash paid for goods and services	(105,445)
Cash paid to or on behalf of employees for services	(46,485)
Net cash provided by operating activities	<u>29,601</u>
Cash flows from capital and related financing activities:	
Principal paid on installment purchases	(31,442)
Net cash used in capital and related financing activities	<u>(31,442)</u>
Cash flows from investing activities:	
Other income	12,286
Interest and dividends	461
Net cash provided by investing activities	<u>12,747</u>
Net increase in cash and cash equivalents	10,906
Balances, beginning, as previously reported	27,828
Balances, ending	<u>\$ 38,734</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (21,704)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	64,809
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(8,815)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(17,583)
Customer deposits	12,894
Total adjustments	<u>51,305</u>
Net cash provided by operating activities	<u>\$ 29,601</u>

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

TOWN OF RONDA, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Ronda, North Carolina (the "Town") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Town is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements include all funds and account groups that are controlled by the Town.

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. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The Town reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Measurement Focus and Basis of Accounting

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

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

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

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

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

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the 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, 2014 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. The budget ordinance must be adopted by July 1st of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. All budgets are prepared using the modified accrual basis of accounting. The appropriations in the various funds are formally budgeted on a departmental basis. Expenditures may not legally exceed appropriations at the functional level. The finance officer has authority to allocate the department totals to objects of expenditures within the department as necessary. The budget is amended by the Board of Commissioners on a periodic basis as required by changing conditions. The budget amounts reflected in the accompanying financial statements represent the budget as amended to statement date.

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

Deposits and Investments

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

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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.

Restricted Cash

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

Ad Valorem Taxes Receivable

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

Allowance for Doubtful Accounts

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000, and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Water System	40 years
Buildings and improvements	20 years
Equipment	5 years
Vehicles	5 years

Deferred Outflows/Inflows of Resources

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

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.

Net Position/Fund Balances

Net Position - Net position in the 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 three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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.

Assigned Fund Balance - portion of fund balance that Town of Ronda, North Carolina 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. The governing body approves the appropriation.

Unassigned Fund Balance - the portion of fund balance that has not been restricted or assigned to specific purposes or other funds.

The Finance Officer has been given the authority to spend resources in the order deemed in the best interest of the Town. For purposes of fund balance classification, expenditures are spent from restricted fund balance first, followed by 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded authorized appropriations made for transportation by \$29,459. The Town's Water and Sewer Fund exceeded the authorized appropriations made for water expenditures by \$28,197. These over-expenditures occurred primarily because of unbudgeted repairs and maintenance. Management and the Board will more closely review the budget reports to ensure compliance in future years.

Noncompliance with North Carolina General Statutes

All units of local government and public authorities in North Carolina are required by North Carolina General Statute 159-34 to have their accounts audited annually and to submit the audit report to the Secretary of the Local Government Commission as soon as possible after the close of the fiscal year. For the fiscal year ended June 30, 2019, the audit was not performed until 2022. The Town officials are working with the current auditing firm to catch up the late audits and file them with the Secretary of the Local Government Commission as required by General Statute 159-34.

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

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

At June 30, 2019, the Town's deposits had a carrying amount of \$17,232 and a bank balance of \$59,753. Of the bank balance, \$59,753 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the Town had \$101 in a petty cash fund.

At June 30, 2019, the Town had \$314,095 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

Receivables

Governmental activities receivables for the General Fund consist of \$2,828 for outstanding taxes and \$39,094 due from other governments, which consist of \$33,161 for local option sales tax and \$5,933 for utilities franchise tax.

Business-Type activities receivables for the Water and Sewer Fund consist of \$44,874 for customer accounts.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of allowances for doubtful accounts in the amount of \$42,248 for taxes receivable.

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the Town for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 59,813	\$ -	\$ -	\$ 59,813
Total capital assets not being depreciated	<u>59,813</u>	<u>-</u>	<u>-</u>	<u>59,813</u>
Capital assets being depreciated:				
Buildings and improvements	60,232	-	-	60,232
Equipment	17,950	-	-	17,950
Vehicles and motorized equipment	13,490	-	-	13,490
Total capital assets being depreciated	<u>91,672</u>	<u>-</u>	<u>-</u>	<u>91,672</u>
Less accumulated depreciation for:				
Buildings and improvements	58,124	936	-	59,060
Equipment	17,950	-	-	17,950
Vehicles and motorized equipment	5,756	2,698	-	8,454
Total accumulated depreciation	<u>81,830</u>	<u>\$ 3,634</u>	<u>\$ -</u>	<u>85,464</u>
Total capital assets being depreciated, net	<u>9,842</u>			<u>6,208</u>
Governmental activity capital assets, net	<u>\$ 69,655</u>			<u>\$ 66,021</u>

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

General Government	\$ 3,634
Total depreciation expense	<u>\$ 3,634</u>

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 21,402	\$ -	\$ -	\$ 21,402
Total capital assets not being depreciated	21,402	-	-	21,402
Capital assets being depreciated:				
Water system	2,490,612	-	-	2,490,612
Equipment	36,224	-	-	36,224
Vehicles	12,721	-	-	12,721
Total capital assets being depreciated	2,539,557	-	-	2,539,557
Less accumulated depreciation for:				
Water system	772,315	62,265	-	834,580
Equipment	36,224	-	-	36,224
Vehicles	5,427	2,544	-	7,971
Total accumulated depreciation	813,966	\$ 64,809	\$ -	878,775
Total capital assets being depreciated, net	1,725,591			1,660,782
Business-type activities capital assets, net	\$ 1,746,993			\$ 1,682,184

B. Liabilities

Pension Plan and Postemployment Obligations

The Town of Ronda does not have a pension plan for its employees. The Town does not have any postemployment obligations.

Deferred Outflows and Inflows of Resources

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

	General Fund Balance Sheet	Statement of Net Position
Tax receivable (general fund)	\$ 2,828	\$ -
Total	\$ 2,828	\$ -

Long-Term Obligations

Installment Purchase

The Town has an installment purchase contract to finance a water system expansion. The financing requires principal payments of \$31,442 with interest rate of 0.00%.

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

Annual debt service payments as of June 30, 2019, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 31,442	\$ -
2021	31,442	-
2022	31,442	-
2023	31,442	-
2024	31,442	-
2025-2029	157,210	-
2030-2032	94,320	-
Total	<u>\$ 408,740</u>	<u>\$ -</u>

Change in Long-Term Liabilities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Business-Type Activities:					
Installment purchases	<u>\$ 440,182</u>	<u>\$ -</u>	<u>\$ 31,442</u>	<u>\$ 408,740</u>	<u>\$ 31,442</u>
Total business-type	<u>\$ 440,182</u>	<u>\$ -</u>	<u>\$ 31,442</u>	<u>\$ 408,740</u>	<u>\$ 31,442</u>

C. Interfund Balances and Activity

Balance due to/from other funds as of June 30, 2019, consist of \$9,900 due to the water fund from the general fund to fund operations and will be repaid during the year ending June 30, 2020.

D. Fund Balance

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

Total fund balance-General Fund	\$ 318,327
Less:	
Stabilization by State Statute	39,094
Streets	<u>119,322</u>
Remaining fund balance	<u>\$ 159,911</u>

TOWN OF RONDA, NORTH CAROLINA
Notes to Financial Statements

NOTE 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 insurance values of the property policy, workers' compensation coverage up to the 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 North Carolina 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 is not required to carry flood insurance because the Town is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are under a \$10,000 blanket bond.

NOTE 5 - JOINT VENTURE

The Town, in conjunction with seven counties and nineteen other municipalities established the High Country Council of Government (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 \$ to the Council during the fiscal year ended June 30, 2019.

The Yadkin Valley Sewer Authority (YVSA) was formed on April 19, 2006 by the Town of Jonesville (Yadkin County), Town of Elkin (Surry County) and Town of Ronda (Wilkes County) under authority established by Article 1 of Chapter 162A of the General Statutes of North Carolina. YVSA is governed by a five-member board of directors, whose members are appointed by each of the Towns. In accordance with the YVSA's bylaws, the Jonesville Town Council and Elkin Town Council appoints two members, each and Ronda Town Council appoints one member.

YVSA's purpose is to maintain and operate a sewer treatment facility and to maintain the sewer collection systems in each of the Towns. The interlocal agreement with the Authority calls for contributions by the Town in the amount of \$25,000, which will be reimbursed in full by YVSA no later than fiscal year 2025/2026.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF RONDA, NORTH CAROLINA**Schedule 1****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****General Fund****(Page 1 of 2)****Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes		\$ 66,427	
Penalties and interest		851	
Total	<u>\$ 73,060</u>	<u>67,278</u>	<u>\$ (5,782)</u>
Intergovernmental revenues:			
Unrestricted:			
Local option sales tax		131,993	
Utility franchise tax		27,475	
Beer and wine excise tax		1,779	
Total	<u>152,140</u>	<u>161,247</u>	<u>9,107</u>
Restricted:			
Powell Bill allocation		17,022	
Total	<u>17,250</u>	<u>17,022</u>	<u>(228)</u>
Sales and services:			
Sale of cemetery plots		1,350	
Rental fees		1,530	
Total	<u>500</u>	<u>2,880</u>	<u>2,380</u>
Investment earnings	<u>1,750</u>	<u>6,890</u>	<u>5,140</u>
Miscellaneous	<u>500</u>	<u>1,556</u>	<u>1,056</u>
Total Revenues	<u>245,200</u>	<u>256,873</u>	<u>11,673</u>
Expenditures:			
General government:			
Governing Body:			
Salaries and employee benefits		9,947	
Professional services		33,188	
Membership dues		4,248	
Other operating expenditures		3,137	
Total	<u>56,170</u>	<u>50,520</u>	<u>5,650</u>

TOWN OF RONDA, NORTH CAROLINA

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund (Continued)

(Page 2 of 2)

Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		\$ 38,913	
Other operating expenditures		33,933	
Total	\$ 111,640	72,846	\$ 38,794
Total general government	167,810	123,366	44,444
Transportation - streets:			
Streets and Highways:			
Salaries and employee benefits		16,647	
Powell Bill expenditures		78,164	
Other operating expenditures		13,398	
Total transportation - streets	78,750	108,209	(29,459)
Environmental protection:			
Solid Waste:			
Salaries and employee benefits		4,560	
Contracted services		30,864	
Other operating expenditures		325	
Total environmental protection	36,130	35,749	381
Total expenditures	282,690	267,324	15,366
Revenues Over (Under) Expenditures	(37,490)	(10,451)	27,039
Fund Balance Appropriated	37,490	-	(37,490)
Net Change in Fund Balance	\$ -	(10,451)	\$ (10,451)
Fund Balance, Beginning		328,778	
Fund Balance, Ending		\$ 318,327	

TOWN OF RONDA, NORTH CAROLINA**Schedule 2****Schedule of Revenues, Expenditures,****and Changes in Fund Balances - Budget and Actual (Non-GAAP)****Water and Sewer Fund****Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water and sewer		\$ 177,452	
Total operating revenues	\$ 137,500	177,452	\$ 39,952
Non-operating revenues:			
Interest earned on investments		461	
Penalties and miscellaneous		12,286	
Total non-operating revenues	100	12,747	12,647
Total revenues	137,600	190,199	52,599
Expenditures:			
Water Administration		32,236	
Water Production		64,886	
Water Line Maintenance		37,225	
Total	106,150	134,347	(28,197)
Debt service:			
Principal retirement		31,442	
Total	31,450	31,442	8
Total expenditures	137,600	165,789	(28,189)
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,410</u>	<u>\$ 24,410</u>

Reconciliation from budgetary basis (modified accrual) to full accrual basis:

Reconciling items:

Principal retirement	31,442
Depreciation	(64,809)
Total reconciling items	(33,367)
Change in net position	<u>\$ (8,957)</u>

TOWN OF RONDA, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
Last Ten Years

Schedule 3

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and other credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 68,063	\$ 65,235	\$ 2,828
2017-2018	3,141	-	1,086	2,055
2016-2017	2,348	-	835	1,513
2015-2016	1,138	-	476	662
2014-2015	647	-	283	364
2013-2014	560	-	186	374
2012-2013	413	-	45	368
2011-2012	605	-	45	560
2010-2011	392	-	45	347
2009-2010	35,664	-	-	35,664
2008-2009	341	-	-	341
	<u>\$ 45,249</u>	<u>\$ 68,063</u>	<u>\$ 68,236</u>	<u>45,076</u>
Less: allowance for uncollectible Ad Valorem taxes receivable				<u>42,248</u>
Net Ad Valorem taxes receivable				<u>\$ 2,828</u>
Reconcilement with revenues:				
Ad Valorem taxes - General fund				\$ 66,427
Reconciling items:				
Penalties and interest				851
Other				<u>958</u>
Total collections and credits				<u>\$ 68,236</u>

TOWN OF RONDA, NORTH CAROLINA
Analysis of Current Tax Levy and Town-Wide Levy
Fiscal Year Ended June 30, 2019

Schedule 4

	Town - Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$19,436,600	0.35	\$ 68,060	\$ 61,584	\$ 6,476
Penalties	-		3	3	-
Total original levy	19,436,600		68,063	61,587	6,476
Total property valuation	<u>\$ 19,436,600</u>				
Net Levy			68,063	61,587	6,476
Unpaid (by taxpayer) taxes at June 30, 2019			2,828	2,828	-
Current year's taxes collected			<u>\$ 65,235</u>	<u>\$ 58,759</u>	<u>\$ 6,476</u>
Current levy collection percentage			<u>95.85%</u>	<u>95.41%</u>	<u>100.00%</u>