

TOWN OF RHODHISS  
RHODHISS, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2020

**S. Eric Bowman, P.A.**

CERTIFIED PUBLIC ACCOUNTANT

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Morganton, North Carolina

TOWN OF RHODHISS  
TOWN OFFICIALS  
JUNE 30, 2020

MAYOR

Rick Justice

BOARD OF ALDERMEN

Mike Phillips

Allen Spencer

Kendra Edwards

Joe Kirby

TOWN MANAGER

Barbara Harmon

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June 30, 2020

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**FINANCIAL SECTION**

# **S. Eric Bowman, P.A.**

**CERTIFIED PUBLIC ACCOUNTANT**

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## Independent Auditor's Report

Honorable Mayor and Board of Alderman  
Town of Rhodhiss  
Rhodhiss, 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 Rhodhiss, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Rhodhiss'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.

To the Honorable Mayor  
and Members of the Board of Aldermen  
Town of Rhodhiss

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

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the Town of Rhodhiss, North Carolina as of June 30, 2020, 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 Management's Discussion and Analysis, on page 4 through 11 and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 44 and 45 respectively and the Law Enforcement Officer's Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 46 and 47 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 consist 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 Town of Rhodhiss's basic financial statements. The individual fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

To the Honorable Mayor  
and Members of the Board of Aldermen  
Town of Rhodhiss

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2020 on our consideration of the Town of Rhodhiss's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Rhodhiss's internal control over financial reporting and compliance.



S. Eric Bowman, P.A.  
Certified Public Accountant

Morganton, North Carolina  
September 1, 2020



TOWN OF RHODHISS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town of Rhodhiss's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Rhodhiss exceeded its liabilities at the close of the fiscal year by \$6 539 286 (*net position*).
- The government's net position decreased by \$94 387 primarily due to decreases in net income of business type activities.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$844 216, or 117 percent of total general fund expenditures for the fiscal year.
- Town of Rhodhiss's total long term debt decreased by \$18 459 or 11 percent during the current fiscal year. The key factor in this decrease was payment of debt principal with no additional borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts - *management's discussion and analysis* (this section) and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Town's government, reporting the Town's operations in *more detail* than the government-wide statements.
  - The *government funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short* and *long term* financial information about the activities the government operates *like businesses*, such as the water and sewer operation.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1  
MAJOR FEATURES OF TOWN OF RHODHISS'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-wide	Fund Statements	
	Statements	Governmental Funds	Proprietary Funds
Scope	Entire Town government	The activities of the Town that are not proprietary or fiduciary, such as general government and transportation	Activities the Town operates similar to private businesses: the water and sewer operations
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's *net position* and how they have changed. Net position—the difference between the Town's total assets and total liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's *net position* are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base.

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

- *Governmental activities* - Most of the Town's basic services are included here, such as administration and transportation. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer activities are included here.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*-not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Aldermen establishes other funds to control and manage money for particular purposes.

The Town has two kinds of funds:

- *Governmental funds* - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
  - In fact, the Town's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

Notes to the financial statements provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Also included in this section are budgetary comparison statements for all major governmental funds.

Net position

Net position may serve over time as a useful indicator of a government's financial position. In the case of Town of Rhodhiss, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$6 539 286 at the close of the most recent fiscal year (Table 1).

TABLE 1  
NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 951 473	\$ 970 250	\$ 418 731	\$ 403 115	\$ 1 370 204	\$1 373 365
Capital Assets	620 703	605 160	4 759 125	4 909 355	5 379 828	5 514 515
Total Assets	<u>1 572 176</u>	<u>1 575 410</u>	<u>5 177 856</u>	<u>5 312 470</u>	<u>6 750 032</u>	<u>6 887 880</u>
Deferred Outflows of Resources	43 354		14 451		57 805	
Long-Term Debt Outstanding	109 527	123 416	45 700	50 270	155 227	173 686
Other Liabilities	63 604	22 592	49 720	41 529	113 324	64 121
Total Liabilities	<u>173 131</u>	<u>146 008</u>	<u>95 420</u>	<u>91 799</u>	<u>268 551</u>	<u>237 807</u>
Deferred Inflows of Resources		16 400				16 400
Net Position:						
Net Investment in Capital						
Assets	511 176	481 744	4 713 425	4 859 085	5 224 601	5 340 829
Restricted	55 711	112 763			55 711	112 763
Unrestricted	<u>875 512</u>	<u>818 495</u>	<u>383 462</u>	<u>361 586</u>	<u>1 258 974</u>	<u>1 180 081</u>
Total Net Position	<u>\$1 442 399</u>	<u>\$1 413 002</u>	<u>\$5 096 887</u>	<u>\$5 220 671</u>	<u>\$ 6 539 286</u>	<u>\$6 633 673</u>

The largest portion of net position (80%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Town of Rhodhiss uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Rhodhiss's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

The Town's total revenues were \$1 002 279 at June 30, 2020 (see Table 2). Charge for Services made up 31% of revenues. Property taxes and other taxes made up 24% and 28% of revenues respectively. The Town's expenses cover a range of services with 37% of those expenses being related to water and sewer.

TABLE 2  
CHANGE IN NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 39 115	\$ 39 243	\$ 270 527	\$ 260 312	\$ 309 642	\$ 299 555
Capital Grants	49 601			1 525 992	49 601	1 525 992
Operating Grants and Contributions	44 484	39 365			44 484	39 365
General Revenues:						
Property Taxes	241 356	224 323			241 356	224 323
Other Taxes	279 277	272 994			279 277	272 994
Other	71 826	156 115	6 093	812	77 919	156 927
Total Revenues	<u>725 659</u>	<u>732 040</u>	<u>276 620</u>	<u>1 787 116</u>	<u>1 002 279</u>	<u>2 519 156</u>
<u>Expenses</u>						
General Government	203 196	178 502			203 196	178 502
Public Safety	153 602	102 791			153 602	102 791
Environment Protection	210 207	187 129			210 207	187 129
Transportation	116 533	61 525			116 533	61 525
Cultural and Recreational	9 046	8 778			9 046	8 778
Debt Service	3 678	4 080			3 678	4 080
Water and Sewer			400 404	408 416	400 404	408 416
Total Expenses	<u>696 262</u>	<u>542 805</u>	<u>400 404</u>	<u>408 416</u>	<u>1 096 666</u>	<u>951 221</u>
Increase (Decrease) in Net Position	29 397	189 235	(123 784)	1 378 700	(94 387)	1 567 935
Net Position, July 1	<u>1 413 002</u>	<u>1 223 767</u>	<u>5 220 671</u>	<u>3 841 971</u>	<u>6 633 673</u>	<u>5 065 738</u>
Net Position, June 30	<u>\$ 1 442 399</u>	<u>\$ 1 413 002</u>	<u>\$ 5 096 887</u>	<u>\$ 5 220 671</u>	<u>\$ 6 539 286</u>	<u>\$ 6 633 673</u>

Table 3 presents the cost of each of the Town's six largest programs-general government, public safety, environmental protection, transportation, cultural and recreational, and debt service as well as each program's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

- The cost of all *governmental* activities this year was \$696 thousand.
- However, the amount that our taxpayers paid for these activities through Town taxes was \$563 thousand. Some of the cost was paid by:
  - Those are directly benefited from the programs (39 thousand) or
  - Other governments and organizations that subsidized certain programs with grants and contributions (94 thousand).
- The Town paid for the \$563 thousand "public benefit" portion with \$521 thousand in taxes, and with other revenues such as interest and miscellaneous revenues.

TABLE 3  
NET COST OF TOWN OF RHODHISS'S GOVERNMENTAL ACTIVITIES  
(In Thousands of Dollars)

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government	\$ 203	\$ 179	\$ 177	\$ 178
Public Safety	154	103	121	98
Environmental Protection	210	187	171	148
Transportation	117	62	82	27
Cultural and Recreational	9	9	9	9
Debt Service	3	4	3	4
Total	<u>\$ 696</u>	<u>544</u>	<u>\$ 563</u>	<u>\$ 464</u>

Business-type Activities

Revenues of the Town's business-type activities totaled \$276 620 with expenses totaling \$400 404 (see Table 2). This produced a deficit of \$123 784.

## Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of Town of Rhodhiss. At the end of the current fiscal year, available fund balance of the General Fund was \$844 216 while total fund balance was \$934 162. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 117 percent of total General Fund expenditures, while total fund balance represents 129 percent of that same amount.

At June 30, 2020, the governmental funds of Town of Rhodhiss reported a total fund balance of \$934 162. Approximately 6 percent of this amount or \$55 711 is nonspendable or restricted. The net change in fund balance was \$(1 096).

General fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain service. Total amendments changed the General Fund's total budget by \$189 051.

Proprietary Funds. Town of Rhodhiss'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 was \$383 462.

## Capital Asset and Debt Administration

Capital assets. Town of Rhodhiss's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$5 379 828 (net of accumulated depreciation). These assets include land, buildings, equipment, vehicles, distribution systems and infrastructure.

Major capital asset transactions during the year include:

- Water Meters
- Software
- Construction in Progress - Town Hall

Town of Rhodhiss's Capital Assets  
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 89 567	\$ 89 567	\$	\$	\$ 89 567	\$ 89 567
Construction in Progress	8 000				8 000	
Buildings	50 672	49 666			50 672	49 666
Equipment	291 372	279 658	31 197	14 846	322 569	294 504
Distribution System Infrastructure	181 092	186 269	4 727 928	4 894 509	4 727 928	4 894 509
<b>Total</b>	<b>\$ 620 703</b>	<b>\$ 605 160</b>	<b>\$4 759 125</b>	<b>\$4 909 355</b>	<b>\$5 379 828</b>	<b>\$5 514 515</b>

Long-term Debt. As of June 30, 2020, Town of Rhodhiss had the following long term debt outstanding.

Town of Rhodhiss's Outstanding Debt  
All Debt Funding Sources

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revolving Loan Notes Payable	\$ 109 527	\$ 123 416	\$ 45 700	\$ 50 270	\$ 109 527	\$ 123 416
<b>Total</b>	<b>\$ 109 527</b>	<b>\$123 416</b>	<b>\$ 45 700</b>	<b>\$ 50 270</b>	<b>\$ 155 227</b>	<b>\$ 173 686</b>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Town of Rhodhiss is \$3 324 628.

Financial Highlights for the next Fiscal Year Ending June 30, 2021

Governmental Activities: The General Fund's expenditures are expected to decrease approximately \$100 000 due to concerns over potential loss of revenue from Covid-19.

Business-type Activities: Water and sewer operating revenues and expenditures will remain constant. The Water and Sewer improvement project will be funded by State grant and loan funds at an estimated cost of \$400 000.

Economic Factors and Next Year's Budgets and Rates

The Town has decided not to increase tax rates for the next fiscal year. Approximately \$34 000 of fund balance is expected to be used to balance the budget.

Request 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 Director of Finance, Town of Rhodhiss, P. O. Box 40, Rhodhiss, NC 28667.



TOWN OF RHODHISS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

Exhibit 1

<u>Assets</u>	Total Government		
	Governmental Activities	Business - Type Activities	Total
<u>Current Assets:</u>			
Cash and Cash Equivalents	\$ 884 231	\$ 367 724	\$ 1 251 955
Restricted Cash and Cash Equivalents		23 377	23 377
Receivables (Net of Allowance for Uncollectibles	67 242	27 630	94 872
Total Current Assets	951 473	418 731	1 370 204
<u>Non Current Assets:</u>			
<u>Capital Assets:</u>			
Land and Construction in Progress	97 567		97 567
Other Capital Assets, Net of Deprecation	523 136	4 759 125	5 282 261
Total Noncurrent Assets	620 703	4 759 125	5 379 828
Total Assets	1 572 176	5 177 856	6 750 032
Deferred Outflows of Resources	43 354	14 451	57 805
<u>Liabilities:</u>			
<u>Current Liabilities:</u>			
Accounts Payable and Accrued Liabilities	5 780	7 378	13 158
Customer Deposits		23 377	23 377
Current Portion of Long Term Debt	14 303	4 570	18 873
Compensated Absences	12 106	3 759	15 865
Total Current Liabilities	32 189	39 084	71 273
<u>Non Current Liabilities:</u>			
Non Current Portion of Long Term Debt	95 224	41 130	136 354
Net Pension Liability	45 620	15 206	60 826
Total Pension Liability	98		98
Total Noncurrent Liabilities	140 942	56 336	197 278
Total Liabilities	173 131	95 420	268 551
<u>Net Position</u>			
Net Investment in Capital Assets	511 176	4 713 425	5 224 601
<u>Restricted For:</u>			
Stabilization by State Statute	55 711		55 711
Unrestricted	875 512	383 462	1 258 974
Total Net Position	\$ 1 442 399	\$ 5 096 887	\$ 6 539 286

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

TOWN OF RHODHISS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 2

Functions/Programs	Expenses	Program Revenues			(Net Expense) Revenues and Changes in Net Position		
		Charges For Services	Capital Grants	Operating Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 203 196	\$	\$ 16 400	\$ 9 967	\$ (176 829)	\$	\$ (176 829)
Public Safety	153 602	34	33 201		(120 367)		(120 367)
Environmental Protection	210 207	39 081			(171 126)		(171 126)
Transportation	116 533			34 517	(82 016)		(82 016)
Cultural and Recreational	9 046				(9 046)		(9 046)
Debt Service	3 678				(3 678)		(3 678)
Total Governmental Activities	696 262	39 115	49 601	44 484	(563 062)		(563 062)
Business-Type Activities:							
Water and Sewer	400 404	270 527				(129 877)	(129 877)
Total Government	\$ 1 096 666	\$ 309 642	\$ 49 601	\$ 44 484	(563 062)	(129 877)	(692 939)
General Revenues:							
Taxes:							
Property Taxes					241 356		241 356
Local Option Sales					279 277		279 277
Investment Earnings					1 835	469	2 304
Miscellaneous					69 991	5 624	75 615
Total General Revenues					592 459	6 093	598 552
Changes in Net Position					29 397	(123 784)	(94 387)
Net Position - Beginning					1 413 002	5 220 671	6 633 673
Net Position - Ending					\$ 1 442 399	\$ 5 096 887	\$ 6 539 286

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

TOWN OF RHODHISS  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2020

Exhibit 3

	<u>General Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 884 231
Receivables, Net	55 711
Property Tax Receivable, Net	<u>11 531</u>
 Total Assets	 <u>\$ 951 473</u>
<u>Liabilities</u>	
Accounts Payable and Accrued Liabilities	 <u>\$ 5 780</u>
<u>Deferred Inflows of Resources</u>	
Unavailable Property Taxes	<u>11 531</u>
<u>Fund Balances</u>	
Restricted For:	
Stabilization by State Statute	55 711
Assigned To:	
Subsequent Year's Expenditures	34 235
Unassigned	<u>844 216</u>
 Total Fund Balances	 <u>934 162</u>
 Total Liabilities, Deferred Inflows of Resources and Fund balances	   <u>\$ 951 473</u>

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

TOWN OF RHODHISS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds	\$ 620 703
Deferred outflows of resources related to pensions are not reported in the funds	43 354
Liabilities for earned revenues are considered deferred inflows of resources in the fund statements	11 531
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Total Pension Liability	\$ (98)
Net Pension Liability	(45 620)
Notes Payable	(109 527)
Compensated Absences	(12 106)
Fund Balance - Governmental Funds (Exhibit 3)	934 162
Net Position of Governmental Activities (Exhibit 3)	\$ 1 442 399

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

TOWN OF RHODHISS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>
<u>Revenues</u>	
Taxes:	
Property	\$ 237 290
Local Option Sales	279 277
Intergovernmental	135 713
Charges for Services	39 115
Investment Earnings	1 835
Miscellaneous	<u>28 363</u>
Total Revenues	<u>721 593</u>
 <u>Expenditures</u>	
Current:	
General Government	208 593
Public Safety	176 752
Environmental Protection	202 202
Transportation	112 993
Cultural and Recreational	4 582
Debt Service	<u>17 567</u>
Total Expenditures	<u>722 689</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(1 096)</u>
 Fund Balances:	
Beginning of Year	<u>935 258</u>
End of Year	<u>\$ 934 162</u>

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

TOWN OF RHODHISS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - Governmental  
Funds (Exhibit 4) \$ (1 096)

Amounts reported for *Governmental Activities* in the  
Statement of Activities (Exhibit 2) are different  
because:

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 \$79 417 was more than depreciation of \$63 874 in the current period.	15 543
Contributions to the Pension Plan in the current fiscal year are not included in the Statement of Activities	14 282
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds-Ad Valorem Taxes.	4 066
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	(641)
- Pension Expense	(16 646)
Principal payments on debt owed are recorded as a use of funds in the fund statements but affect only the statement of net assets in the government-wide statements	<u>13 889</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 29 397</u>

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

TOWN OF RHODHISS  
 GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund				
	Original Budget	Final Budget	Actual	Variances With Final Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 229 500	\$ 229 500	\$ 237 290	\$ 7 790
Local Option Sales Tax	235 000	235 000	279 277	44 277
Unrestricted Intergovernmental	40 000	40 000	41 628	1 628
Restricted Intergovernmental	34 500	78 700	94 085	15 385
Sales and Services	34 500	34 500	39 115	4 615
Investment Earnings	4 000	4 000	1 835	(2 165)
Miscellaneous	11 350	12 150	28 363	16 213
Total Revenues	588 850	633 850	721 593	87 743
Expenditures:				
Current:				
General Government	217 000	217 100	208 593	8 507
Public Safety	138 374	204 141	176 752	27 389
Environmental Protection	183 500	196 784	202 202	(5 418)
Transportation	34 500	144 500	112 993	31 507
Cultural and Recreational	8 600	8 500	4 582	3 918
Debt Service	27 967	27 967	17 567	10 400
Total Expenditures	609 941	798 992	722 689	76 303
Revenues Over (Under) Expenditures	(21 091)	(165 142)	(1 096)	164 046
Other Financing Sources (Uses):				
Appropriated Fund Balance	21 091	165 142		(165 142)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$	\$	\$ (1 096)	\$ (1 096)
Fund Balance:				
Beginning of Year, July 1			935 258	
End of Year, June 30			\$ 934 162	

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

TOWN OF RHODHISS  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2020

	<u>Enterprise Fund</u> <u>Water and Sewer</u> June 30, 2020
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash	\$ 367 724
Restricted Cash	23 377
Accounts Receivable - Net	<u>27 630</u>
Total Current Assets	<u>418 731</u>
<u>Noncurrent Assets:</u>	
Fixed Assets - Net	<u>4 759 125</u>
Total Assets	<u>5 177 856</u>
<u>Deferred Outflows of Resources</u>	<u>14 451</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>Current Liabilities:</u>	
Accounts Payable and Accrued Liabilities	7 378
Customer Deposits	23 377
Accrued Vacation Pay	3 759
Current Portion of Long Term Debt	<u>4 570</u>
Total Current Liabilities	<u>39 084</u>
<u>Noncurrent Liabilities:</u>	
Noncurrent Portion of Long Term Debt	41 130
Net Pension Liability	<u>15 206</u>
Total Noncurrent Liabilities	<u>56 336</u>
Total Liabilities	<u>95 420</u>
<u>Net Position</u>	
Net Investment in Capital Assets	4 713 425
Unrestricted	<u>383 462</u>
Total Net Position	<u>\$5 096 887</u>

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



TOWN OF RHODHISS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Enterprise Fund Water and Sewer</u>
Operating Revenues	
Charges for Services	<u>\$ 270 527</u>
Operating Expenses:	
Water and Sewer Operations	231 174
Depreciation	<u>169 230</u>
Total Operating Expenses	<u>400 404</u>
Operating Income (Loss)	<u>(129 877)</u>
Non-Operating Revenues (Expenses):	
Interest Earned on Investments	469
Other	<u>5 624</u>
Total Non-Operating Revenues (Expenses)	<u>6 093</u>
Change in Net Position	(123 784)
Net Position - July 1	<u>5 220 671</u>
Net Position - June 30	<u>\$5 096 887</u>

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

TOWN OF RHODHISS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

Enterprise  
Fund  
Water and Sewer

Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 265 488
Cash Paid for Goods and Services	(170 348)
Cash Paid for Employees and Benefits	(67 986)
Customer Deposits Received (Refunded)	<u>900</u>
Net Cash Provided (Used) by Operating Activities	<u>28 054</u>
Cash Flows From Capital and Related Financing Activities:	
Debt Principal Paid	(4 570)
Acquisition and Construction of Capital Assets	<u>(19 000)</u>
Total Cash Flows From Capital and Related Financing Activities	<u>(23 570)</u>
Cash Flows From Noncapital Financing Activities:	
Interfund Activity	<u>(3 204)</u>
Cash Flows From Investing Activities:	
Interest Earned on Investments	469
Other	<u>5 624</u>
Total Cash Flows From Investing Activities	<u>6 093</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7 373
Cash and Cash Equivalents - Beginning of Year	<u>383 728</u>
Cash and Cash Equivalents - End of Year	<u>\$ 391 101</u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (129 877)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	169 230
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(5 039)
Increase (Decrease) in Customer Deposits	900
Increase (Decrease) in Accounts Payable	(6 849)
Increase (Decrease) in Accrued Vacation Pay	(1 066)
(Increase) Decrease in Deferred Outflows - Pensions	(14 451)
Increase (Decrease) in Net Pension Liability	<u>15 206</u>
Total	<u>157 931</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 28 054</u>

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

TOWN OF RHODHISS, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

I. Summary of Significant Accounting Policies:

The accounting policies of Town of Rhodhiss 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 Rhodhiss is a municipal corporation which is governed by an elected mayor and a four member board of aldermen.

B. Basis of Presentation:

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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 general government, street maintenance and public safety.

The Town reports the following major enterprise fund:

Water and Sewer Fund. The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Water and sewer capital projects, if any, are included in the Water and Sewer Capital Project Fund.

C. Measurement Focus, Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which 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 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 connection for new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues 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 Rhodhiss because the tax is levied by Burke and Caldwell Counties 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-reimbursements grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

#### D. Budgetary Data

Budget - Budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the general and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for all capital project funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for capital project funds. During the year several board approved amendments to the original budget were necessary.

Encumbrances - Under North Carolina General Statutes, the Town is not required to maintain encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. At June 30, 2020 there were no open purchase orders outstanding.

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

1. Deposits:

All deposits of the Town are made in board-designated official depositories and are collateralized as required by G.S. 159-31. Official depositories may be established with 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market 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 20, 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.

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 service is rendered is restricted as follows:

Town of Rhodhiss Restricted Cash

Business-type Activities

Water and Sewer Fund

Customer Deposits

\$ 23 377

4. Ad Valorem Taxes Receivable:

In accordance with [G.S. 105-347 and G.S 159-13(a)], ad valorem taxes are levied on July 1, the beginning of the fiscal year and are due on September 1; however, interest does not accrue until the following January 6. These taxes levied are based on the assessed values as of January 1, 2019.

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. 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 one year. 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. 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. Beginning July 1, 2003 general infrastructure costs are capitalized as incurred. The Town has set a threshold of \$10 000 for capitalizing infrastructure. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	30-40
Vehicles	5
Furniture and equipment	5-7
Distribution Systems	25-40

7. 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, *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 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 no items that meets the criterion for this category in the government wide statements. The funds statements also reports an additional deferred inflow - property taxes receivable.

8. 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 as well as issuance costs, 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 premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

9. Compensated Absences

Full-time employees shall earn paid vacation according to his/her length of service as follows:

<u>Length of Service</u>	<u>Vacation Leave Equivalent</u>
0 Years - 4 Years	10 Workdays
5 Years - 9 Years	12 Workdays
10 Years - 14 Years	15 Workdays
15 Years - 19 Years	18 Workdays
20 Years plus	20 Workdays

For full-time employees, vacation pay is a maximum of 80 hours per year and 30 days may be carried over.

For full-time employees, sick pay is accumulated at the rate of twelve days per year. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. 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 represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance

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

The governmental fund types classify fund balances as follows:

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.

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS),



is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town'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 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.

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

For purposes of fund balance classifications, funds are to be spent from restricted fund balance first followed by committed fund balance, assigned fund balance and last unassigned fund balance.

11. Uses of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
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 Rhodhiss's employer contributions are recognized when due and the Town of Rhodhiss 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.

II. Stewardship, Compliance and Accountability

- A. Excess of Expenditures over Appropriations - For the year ended June 30, 2020 expenditures exceeded budgeted amounts at the department level as follows:

<u>Fund/Department</u>	<u>Excess</u>
General Fund - Public Works	<u>\$ 5 418</u>

These over-expenditures were immaterial and approved by the Board subsequent to year-end. It is the town's intention to amend their budget on a more timely basis in the future.

III. 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 security held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their 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 undercollateralization, 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 policy regarding custodial credit risk for deposits. At year-end, the Town's deposits had a carrying amount of \$751 341 and a bank balance of \$763 212. The entire bank balance was covered by federal depository insurance or other sufficient collateral under the pooling method.
- 1a. Investments - At June 30, 2020, the Town of Rhodhiss had \$500 614 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poors. The town has no policy regarding credit risk.

2. Receivables - Allowances for Doubtful Accounts - The receivables shown in the Balance Sheet and Statement of Net Position are presented net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2020</u>
General Fund - Property Taxes	<u>\$ 37 536</u>
Enterprise Fund - Utility Bills	<u>\$ 3 000</u>

Receivables - Net of Allowances

Accounts receivable at June 30, 2020 was as follows at the government wide level:

<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
<u>\$ 14 964</u>	<u>\$ 27 630</u>	<u>\$ 11 531</u>	<u>\$ 40 747</u>	<u>\$ 94 872</u>

3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 89 567	\$	\$	\$ 89 567
Construction in Progress	<u>                    </u>	<u>8 000</u>	<u>                    </u>	<u>8 000</u>
Total Capital assets not being depreciated	<u>89 567</u>	<u>8 000</u>	<u>                    </u>	<u>97 567</u>
Capital assets being depreciated:				
Buildings	80 398	3 325		83 723
Vehicles	559 529			559 529
Equipment	262 994	68 092	59 400	271 686
Infrastructure	<u>207 042</u>	<u>                    </u>	<u>                    </u>	<u>207 042</u>
Total capital assets being depreciated	<u>1 109 963</u>	<u>71 417</u>	<u>59 400</u>	<u>1 121 980</u>
Less accumulated depreciation for:				
Buildings	30 732	2 319		33 051
Vehicles	291 238	48 116		339 354
Equipment	251 627	8 262		200 489
Infrastructure	<u>20 773</u>	<u>5 177</u>	<u>                    </u>	<u>25 950</u>
Total accumulated Depreciation	<u>594 370</u>	<u>63 874</u>	<u>                    </u>	<u>598 844</u>
Total capital assets being depreciated, net	<u>515 593</u>	<u>7 543</u>	<u>                    </u>	<u>523 136</u>
Governmental activity capital assets, net	<u>605 160</u>	<u>\$ 15 543</u>	<u>\$</u>	<u>\$ 620 703</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 1 794
Public Safety	32 088
Environmental Protection	21 988
Transportation	3 540
Cultural and Recreation	<u>4 464</u>
Total	<u>\$ 63 874</u>

	Beginning	Increases	Decreases and Reclassifications	Ending
	Balances			Balances
Business-type activities:				
Capital assets not being depreciated:				
Construction In Progress	\$ _____	\$ _____	\$ _____	\$ _____
Capital assets being depreciated:				
Distribution Systems	6 484 590			6 484 590
Equipment	<u>71 965</u>	<u>19 000</u>		<u>90 965</u>
Total capital assets being depreciated	<u>6 556 555</u>	<u>19 000</u>		<u>6 575 555</u>
Less accumulated depreciation for:				
Distribution Systems	1 590 081	166 581		1 756 662
Equipment	<u>57 119</u>	<u>2 649</u>		<u>59 768</u>
Total accumulated depreciation	<u>1 647 200</u>	<u>169 230</u>		<u>1 816 430</u>
Total capital assets being depreciated, net	<u>4 909 355</u>	<u>(150 230)</u>		<u>4 759 125</u>
Water and Sewer fund capital assets, net	<u>\$4 909 355</u>	<u>\$ (150 230)</u>	<u>\$ _____</u>	<u>\$4 759 125</u>

III. Detail Notes on All Funds - Continued

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employee's Retirement System

Plan Description - Effective October 1, 2019 the Town of Rhodhiss became a participating employer in the statewide Local Governmental Employee's Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of

North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://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' Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Rhodhiss 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 Rhodhiss's contractually required contribution rate for the year ended June 30, 2020, was 8.95% of compensation for general employees, and 9.56% for law enforcement officers, 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 Rhodhiss were \$19 043 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 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.

- b. 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 \$60 826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.0022%, which was a decrease of 0.0022% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$22 064. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10 381	\$
Changes of assumptions	9 881	
Net difference between projected and actual earnings on pension plan investments	1 478	
Changes in proportion and differences between Town contributions and proportionate share of contributions	17 022	
Town contributions subsequent to the Measurement date	19 043	
Total	<u>\$ 57 805</u>	<u>\$ - 0 -</u>

\$19 043 reported as deferred outflows of resources related to Pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 15 089
2022	7 604
2023	10 132
2024	5 937
Total	<u>\$ 38 762</u>

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

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

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields 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 re combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

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 liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or 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 <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$138 664	\$ 60 826	\$ (4 238)

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

b. Law Enforcement Officers Special Separation Allowance

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

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	- 0 -
Terminated plan members entitled to but not yet receiving benefits	- 0 -
Active plan members	<u>1</u>
Total	<u><u>1</u></u>



II. Detail Notes on All Funds - Continued

(2) Summary of Significant Accounting Policies

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

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

- (3) Actuarial Assumptions - The entry age actuarial cost method was used in the December 31, 2018 valuation. 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	2.5 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

- (4) Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$-0- as no benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$98. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$98.

II. Detail Notes on All Funds - Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$
Changes of assumptions	<u>                    </u>	<u>                    </u>
Total	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

*Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:*

	1% Decrease <u>(2.26%)</u>	Discount Rate <u>(3.26%)</u>	1% Increase <u>(4.26%)</u>
Total Pension Liability	\$ 101	\$ 98	\$ 96

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

	<u>2020</u>
Beginning balance	\$
Service Cost	97
Interest on the total pension liability	
Changes of benefit terms	
Differences between expected and actual experience in the measurement of the total pension liability	
Changes of assumptions or other inputs	1
Benefit payments	
Other Changes	<u>                    </u>
Ending balance of the total pension liability	<u>\$ 98</u>

II. Detail Notes on All Funds - Continued

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

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

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

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

	<b>LGERS</b>	<b>LEOSSA</b>	<b>TOTAL</b>
Pension Expense	\$ 22 064	\$ 98	\$ 22 162
Pension Liability	60 826	98	60 924
Proportionate share of the net pension liability	.0022	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	10 381		10 381
Changes of Assumptions	9 881		9 881
Net difference between projected and actual earnings on plan investments	1 478		1 478
Changes in proportion and differences between contributions and proportionate share of contributions	17 022		17 022
Benefit payments and administrative costs paid subsequent to the measurement date	<u>19 043</u>		<u>19 043</u>
Total Deferred Outflows of Resources	<u>\$ 57 805</u>	<u>\$</u>	<u>\$ 57 805</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$	\$	\$
Changes of Assumptions			
Net differences between projected and actual earnings on plan investments			
Changes in proportionate and differences between contributions and proportionate share of contributions	_____	_____	_____
Total Deferred Inflows of Resources	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

II. Detail Notes on All Funds - Continued

Supplemental Retirement Income Plan for Law Enforcement Officers -

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$2 068 for the reporting year. No amounts were forfeited.

2. Payables - Payables and accrued liabilities at June 30, 2020 were as follows at the government-wide level:

	<u>Vendors</u>	<u>Benefits</u>	<u>Total</u>
Governmental Activities	<u>\$ 853</u>	<u>\$ 4 927</u>	<u>\$ 5 780</u>
Business-Type Activities	<u>\$ 7 378</u>	<u>\$</u>	<u>\$ 7 378</u>

3. Deferred Outflows/Inflows of Resources

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

Contribution to LGERS made subsequent to measurement dates	\$ 19 043
Differences between expected and actual experience	10 381
Changes of assumptions	9 881
Changes in proportion and differences between contributions and proportionate share of contributions	17 022
Net difference between projected and actual Total	<u>1 478</u>
	<u>\$ 57 805</u>

II. Detail Notes on All Funds - Continued

Deferred Inflows of Resources at year-end is comprised as follows:

	<u>Fund Statement</u>	<u>Government Wide</u>
Changes in assumptions	\$	\$
Taxes receivable, less penalties (General Fund)	11 531	
Differences between expected and actual experience		
Changes in proportion and differences between employer contributions and proportionate share of contributions		
Total	<u>\$ 11 531</u>	<u>\$ -0-</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 has property coverage up to \$1 485 796, worker's compensation coverage of up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims of \$500 000 for property and \$300 000 up to statutory limit, for worker's compensation. The pools are insured for annual employee health claims in excess of \$150 000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance value. The Town carries commercial coverage for all other risk of loss. Claims have not exceeded coverage in any of the past three years. The Town does not maintain flood insurance at this time.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50 000. The remaining employees that have access to funds are bonded under a blanket bond of \$15 000.

5. Long-Term Obligations

The Town had the following debt at June 30, 2020:

Description	Cost	Date	Term	Rate	Payment Amount
General Fund - Direct Placement Installment Purchase - BB&T	\$ 150 000	06-09-17	10 Years	2.9%	\$ 17 567 Annual
Enterprise Fund- Drinking Water Direct Placement Revolving Loan:					
Water and Sewer Distribution Systems	182 801	05-01-10	40 Years	0%	4 570 Annual

Installment Purchase - In June, 2017, the Town entered into a \$150 000 direct placement installment purchase to finance the purchase of a garbage truck . The financing contract requires annual payments of \$17 567 including interest at 2.9 percent. The truck is pledged as collateral for the debt.

Revolving Loan - All revolving loans are collateralized by the faith, credit and taxing power of the town.

The following totals summarizes the annual requirement to amortize all long term obligations:

	<u>Enterprise</u>			<u>General</u>			<u>Total</u>		
	<u>Drinking Water</u>	<u>Direct Placement</u>	<u>Revolving Loan</u>	<u>Direct Placement</u>	<u>Installment</u>	<u>Obligation</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4 570		\$ 4 570	\$ 14 303	\$ 3 264	\$ 17 567	\$ 18 873	\$ 3 264	\$ 22 137
2022	4 570		4 570	14 729	2 838	17 567	19 299	2 838	22 137
2023	4 570		4 570	15 168	2 399	17 567	19 738	2 399	22 137
2024	4 570		4 570	15 620	1 947	17 567	20 190	1 947	22 137
2025	4 570		4 570	16 085	1 482	17 567	20 655	1 482	22 137
2026-2030	22 850		22 850	33 622	1 510	35 133	56 472	1 510	57 983
Total	<u>\$ 45 700</u>	<u>\$</u>	<u>\$ 45 700</u>	<u>\$ 109 527</u>	<u>\$ 13 440</u>	<u>\$122 968</u>	<u>\$ 155 227</u>	<u>\$ 13 440</u>	<u>\$ 168 668</u>

6. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30,2020:

<u>Governmental Activity:</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Net Pension Liability (LGERS)	\$	\$ 45 620	\$	\$ 45 620	
Total Pension Liability (LEO)		98		98	
Direct Placement Installments Purchases	<u>123 416</u>	<u></u>	<u>13 889</u>	<u>109 527</u>	<u>14 303</u>
Totals	<u>\$ 123 416</u>	<u>\$ 45 718</u>	<u>\$ 13 889</u>	<u>\$ 155 245</u>	<u>\$ 14 303</u>
<u>Business Type Activity:</u>					
Net Pension Liability (LGERS)	\$	\$ 15 206	\$	\$ 15 206	\$
Direct Placement Drinking Water Revolving Loan	<u>50 270</u>	<u></u>	<u>4 570</u>	<u>45 700</u>	<u>4 570</u>
Totals	<u>\$ 50 270</u>	<u>\$ 15 206</u>	<u>\$ 4 570</u>	<u>\$ 60 906</u>	<u>\$ 4 570</u>

At June 30, 2020, the Town had a legal debt margin of \$3 324 627.

7. 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	\$ 934 162
Less:	
Stabilization by State Statute	(55 711)
Appropriated Fund Balance in 2020-2021 Budget	<u>(34 235)</u>
Remaining Fund Balance	<u>\$ 844 216</u>

8 Subsequent Events

Subsequent events have been evaluated through September 1, 2020, which is the date the financial statements were available to be issued.

IV. Jointly Governed Organization

Western Piedmont Council of Governments - Western Piedmont Council of Governments (WPCOG) is a regional planning organization. It consists of twenty-four municipalities and four counties within western North Carolina. WPCOG's governing board is comprised of one elected official from each of these local governments and seven at-large citizen members. Each local government has one vote. The town paid fees of \$36 488 during fiscal year ended June 30, 2020.

V. Summary Disclosure of Significant Contingencies:

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



Town of Rhodhiss, North Carolina  
Town of Rhodhiss's Proportionate Share of  
Net Pension Liability (Asset)  
Required Supplementary Information  
Last Fiscal Year \*

Local Government Employees' Retirement System

	<u>2020</u>
Rhodhiss's proportion of the net pension liability (asset) (%)	.0022%
Rhodhiss's proportion of the net pension liability (asset) (\$)	\$ 60 826
Rhodhiss's covered-employee payroll	\$ 211 294
Rhodhiss's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.79%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%

\* 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 Rhodhiss, North Carolina  
Town of Rhodhiss's Contributions  
Required Supplementary Information  
Last Fiscal Year

Local Government Employees' Retirement System

Contractually required contribution	<u>2020</u> \$ 19 043
Contributions in relation to the contractually required contribution	<u>19 043</u>
Contribution deficiency (excess)	<u>\$</u>
Rhodhiss's covered-employee payroll	\$ 116 336
Contributions as a percentage of covered-employee payroll	16.37%

**Town of Rhodhiss**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Fiscal Year**

	<u>2020</u>
Beginning balance	\$
Service Cost	97
Interest on the total pension liability	
Changes of benefit terms	
Differences between expected and actual experience in the measurement of the total pension liability	
Changes of assumptions or other inputs	1
Benefit payments	
Other Changes	
Ending balance of the total pension liability	<u>\$ 98</u>

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

**Town of Rhodhiss**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Fiscal Year**

	<u>2020</u>
Total Pension Liability	\$ 98
Covered Payroll	27 510
Total pension liability as a percentage of covered payroll	.36%

Notes to the schedules:

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

TOWN OF RHODHISS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET & ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020		Variance Favorable (Unfavorable)	2019 Actual
	Budget	Actual		
Revenues:				
Ad Valorem Taxes:				
Current Year	\$ 228 000	\$ 224 775	\$ (3 225)	\$ 216 202
Prior Years		11 167	11 167	6 626
Penalties and Interest	1 500	2 473	973	2 016
Discounts		(1 125)	(1 125)	(2 043)
Total	229 500	237 290	7 790	222 801
Other Taxes and Licenses:				
Local Option Sales Tax	170 000	210 907	40 907	204 185
Hold Harmless	65 000	68 370	3 370	68 809
Total	235 000	279 277	44 277	272 994
Unrestricted Intergovernmental Revenues:				
Solid Waste Tax		838	838	765
Utility Sales Tax	40 000	40 790	790	41 800
Total	40 000	41 628	1 628	42 565
Restricted Intergovernmental Revenues:				
Powell Bill Allocation	34 500	34 517	17	34 626
Grants	44 200	59 568	15 368	4 739
Total	78 700	94 085	15 385	39 365
Sales and Services:				
Police Fees		34	34	5
Fundraising-Fire Dept				1 430
Sanitation	34 500	39 081	4 581	37 808
Total	34 500	39 115	4 615	39 243
Investment Earnings:				
Interest Earned	4 000	1 835	(2 165)	1 199
Miscellaneous:				
Contributions		8 339	8 339	108 700
Insurance Reimbursements	12 000	12 962	962	
Other	150	7 062	6 912	3 651
Total	12 150	28 363	16 213	112 351
Total Revenues	633 850	721 593	87 743	730 518

	2020		Variance	2019
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures:				
General Government:				
Administration:				
Salaries & Benefits	\$	\$ 102 682	\$	\$ 92 187
Advertising		1 284		968
Travel & Training		1 950		2 159
Professional Services		20 504		25 527
Telephone and Postage		4 474		2 819
Utilities		1 693		1 905
Dues and Subscriptions		5 762		5 246
Insurance and Bonds		13 904		6 995
Maintenance		707		1 843
Departmental Supplies		6 005		8 098
Elections		4 374		
Administration Fees		4 853		4 393
Contracted Services		18 922		20 041
Miscellaneous		12 695		2 370
Capital Outlay		8 784		
Total General Government	217 100	208 593	8 507	174 551
Public Safety:				
Police:				
Salaries & Benefits		28 710		28 429
Telephone and Postage		3 013		2 615
Insurance		5 301		2 774
Uniforms		1 909		38
Supplies		3 726		1 213
Utilities		1 493		1 593
Repairs and Maintenance		669		297
Travel and Training		426		61
Miscellaneous		50		250
Total	66 550	45 297	21 253	37 270

	2020		Variance	2019
	Budget	Actual	Favorable (Unfavorable)	Actual
Fire Department:				
Salaries & Benefits		7 818		5 839
Insurance and Bonds		11 099		6 344
Supplies		6 637		10 197
Utilities		1 494		1 593
Telephone and Postage		2 702		2 335
Repairs and Maintenance		35 602		7 002
Dues and Subscriptions		655		625
Training		7 050		274
Miscellaneous		2 460		1 498
Uniforms		240		9 478
Capital Outlay		55 698		104 500
Total	137 591	131 455	6 136	149 685
Total Public Safety	204 141	176 752	27 389	186 955
Environmental Protection:				
Public Works:				
Salaries & Benefits		111 516		92 878
Group Insurance		19 084		18 071
Utilities		15 411		14 041
Uniforms		509		713
Contracted Services		12 623		5 839
Departmental Supplies		10 685		16 891
Insurance		7 461		7 883
Maintenance and Repairs		9 686		8 935
Miscellaneous		292		636
Capital Outlay		14 935		
Total Environmental Protection	196 784	202 202	(5 418)	165 887
Transportation:				
Streets:				
Street Improvements		51 764		56 185
Maintenance		61 229		1 800
Total Transportation	144 500	112 993	31 507	57 985
Cultural and Recreational:				
Parks	8 500	4 582	3 918	4 314
Debt Service:				
Principal		13 889		13 487
Interest		3 678		4 080
Total Debt Service	27 967	17 567	10 400	17 567
Total Expenditures	798 992	722 689	76 303	607 259

	<u>2020</u>		<u>Variance</u>	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues Over (Under) Expenditures	<u>(165 142)</u>	<u>(1 096)</u>	<u>164 046</u>	<u>123 259</u>
Other Financing Sources (Uses): Appropriated Fund Balance	<u>165 142</u>		<u>(165 142)</u>	
Revenues and Other Sources Over(Under) Expenditures and Other Uses	<u>\$</u>	<u>(1 096)</u>	<u>\$ (1 096)</u>	<u>123 259</u>
Fund Balance - Beginning of Year		<u>935 258</u>		<u>811 999</u>
Fund Balance - End of Year		<u>\$ 934 162</u>		<u>\$ 935 258</u>



TOWN OF RHODHISS, NORTH CAROLINA  
ENTERPRISE FUND - WATER AND SEWER  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	<u>2020</u>		Variance	2019
Revenues:	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Operating Revenues:				
Charges for Services	\$ 270 000	\$ 270 527	\$ 527	\$ 259 512
Other Operating Revenues:				
Taps and Connections	2 500	5 624	3 124	800
Other				210
Total Operating Revenues	<u>272 500</u>	<u>276 151</u>	<u>3 651</u>	<u>260 522</u>
Non-operating Revenues:				
Interest Earned on Investments		469	469	602
Budgetary Appropriations:				
Appropriated Fund Balance	<u>43 970</u>		<u>(43 970)</u>	
Total Revenues	<u>316 470</u>	<u>276 620</u>	<u>(39 850)</u>	<u>261 124</u>
Expenditures:				
Operating Expenditures:				
Administration:				
Salaries & Benefits		63 207		71 543
Group Insurance		3 713		4 572
Insurance & Other		6 227		9 645
Telephone		557		2 323
Utilities		17 278		13 771
Supplies and Postage		9 221		7 812
Dues and Subscriptions		663		645
Permits		1 110		1 720
Miscellaneous		1 050		759
Total	<u>112 800</u>	<u>103 026</u>	<u>9 774</u>	<u>112 790</u>
Supply and Treatment:				
Purchase for Resale		21 574		42 339
Treatment and Transmission		59 270		87 368
Maintenance and Repairs		19 475		13 936
Testing		4 575		4 645
Contract Services		23 566		36 132
Total	<u>172 100</u>	<u>128 460</u>	<u>43 640</u>	<u>184 420</u>
Total Operating Expenditures	<u>284 900</u>	<u>231 486</u>	<u>53 414</u>	<u>297 210</u>

	2020		Variance	
	Budget	Actual	Favorable (Unfavorable)	2019 Actual
Expenditures - Continued:				
Budgetary Appropriations:				
Debt Interest and Principal Paid	\$ 4 570	\$ 4 570	\$	\$ 4 570
Capital Outlay	27 000	19 000	8 000	
 Total Budgetary Appropriations	31 570	23 570	8 000	4 570
 Total Expenditures	316 470	255 056	61 414	301 780
 Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	\$ 21 564	\$ 21 564	\$ (40 656)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenue and Other Sources Over (Under) Expenditures			\$ 21 564	
Reconciling Items:				
Add:				
Decrease in Vacation Pay		1 067		
Debt Principal Paid		4 570		
Capital Outlay		19 000		
Increase in Deferred Outflows		14 451	39 088	
Less:				
Depreciation		169 230		
Increase in Pension Liability		15 206	(184 436)	
Change in Net Position (Exhibit 7)			\$ (123 784)	

TOWN OF RHODHISS  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$	\$ 239 240	\$ 224 775	\$ 14 465
2018-2019	11 778		5 070	6 708
2017-2018	7 714		2 257	5 457
2016-2017	8 438		1 753	6 685
2015-2016	4 258		703	3 555
2014-2015	3 924		434	3 490
2013-2014	3 756		396	3 360
2012-2013	2 580		359	2 221
2011-2012	1 969		130	1 839
2010-2011	1 416		129	1 287
2009-2010	1 392		1 392	
Total	<u>\$ 47 225</u>	<u>\$ 239 240</u>	<u>\$ 237 398</u>	<u>\$ 49 067</u>
Less Allowance for Uncollectible Accounts				<u>37 536</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 11 531</u>

Reconciliation with Revenue:

Ad Valorem Tax Revenue	\$ 237 290	
Less Penalties and Interest	<u>2 473</u>	\$ 234 817
Discounts		1 125
Written Off Per Statute of Limitations		1 392
Releases - Prior Years		<u>64</u>
Total Collections and Credits		<u>\$ 237 398</u>

TOWN OF RHODISS  
ANALYSIS OF CURRENT YEAR TAX LEVY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Excluding Vehicles</u>	<u>Motor Vehicles</u>
Tax Levy	\$ 34 441 818	.55	\$ 189 430	\$ 189 430	\$
Vehicle Taxes	4 710 182	.55	25 906		25 906
Discoveries	4 346 182	.55	23 904	23 904	
Releases	( )	.55	( )	( )	
Total for Year	<u>\$ 43 498 182</u>		239 240	213 334	25 906
Less Uncollected Taxes at June 30, 2020			<u>14 465</u>	<u>14 465</u>	
Current Year Taxes Collected			<u>\$ 224 775</u>	<u>\$ 198 869</u>	<u>\$ 25 906</u>
Percent of Current Year's Taxes Collected			<u>93.95%</u>	<u>93.22%</u>	<u>100.00%</u>

# **S. Eric Bowman, P.A.**

**CERTIFIED PUBLIC ACCOUNTANT**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Board of Aldermen  
Town of Rhodhiss  
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 and each major fund of the Town of Rhodhiss, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Rhodhiss's basic financial statements, and have issued our report thereon dated September 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Rhodhiss'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 Town of Rhodhiss's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Rhodhiss's internal control.

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

To the Honorable Mayor  
and Board of Aldermen  
Town of Rhodhiss, North Carolina

Our consideration of internal control was for the limited purpose described in the preceding 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2020-001 to be a significant deficiency.

#### Compliance and Other Matters

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

#### Town of Rhodhiss's Response to Findings

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

#### Purpose of this Report

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



S. Eric Bowman, P.A.  
Certified Public Accountant

Morganton, North Carolina  
September 1, 2020

TOWN OF RHODHISS, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020

Findings Related to the Audit of the Basic  
Financial Statements of Town of Rhodhiss:

Finding: 2020-001      Internal Controls Over Financial Reporting

Criteria:	All Local Governments are to adopt a balanced budget and make necessary amendments to the original budget as conditions dictate.
Condition:	The Town overexpended one department in the General Fund totaling \$5 418.
Effect:	Funds were expended out of the General fund before the appropriate budget amendments were made.
Cause:	Oversight.
Recommendation:	The Town should not expend any funds unless there is adequate amounts in the particular department budget.
Management Response:	The Town agrees with this finding
Uncorrected Finding:	This finding was not totally corrected primarily because of an oversight concerning amendments to Public Works.

TOWN OF RHODHISS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2019

Finding 2019-001

There was one audit finding relative to overexpenditures. This finding was not totally corrected even though budget amendments were made.