

***TOWN OF RICHFIELD, NORTH CAROLINA***

***FINANCIAL STATEMENTS***

***For the Fiscal Year Ended June 30, 2020***

**Mayor**

Terry Deese

**Town Council**

James Misenheimer

Terry Almond

Jay Patel

Jason Ritter

Mary Shaver

**Town Officials**

Carolyn Capps

Town Clerk

Charles Brown

Town Attorney

**TOWN OF RICHFIELD, NORTH CAROLINA**  
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**JUNE 30, 2020**

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## **BASIC FINANCIAL STATEMENTS**



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(910) 895-2899

Other Office Locations:  
Seven Lakes, North Carolina  
Gastonia, North Carolina  
Statesville, North Carolina

Independent Auditor's Report

To the Honorable Mayor  
And Member of the Town Council  
Richfield, North Carolina

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

## Opinions

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

## Other Matters

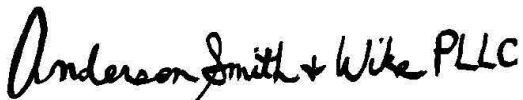
### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 3 through 11, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Richfield, North Carolina. The individual fund budgetary schedules and other schedules are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The individual fund 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, the individual fund budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Anderson Smith & Wike PLLC  
March 29, 2021

## **Management's Discussion and Analysis**

### **Town of Richfield**

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

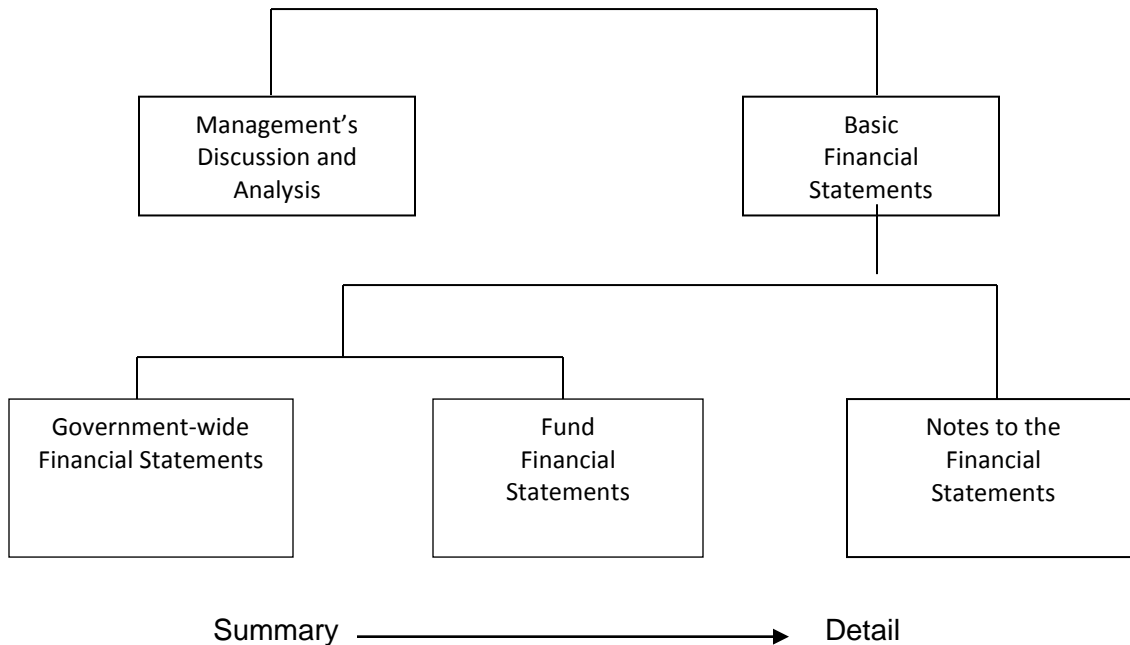
#### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Richfield exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,332,237 (net position).
- In October 2019, the Town ceased its Sewer operations and transferred the responsibility for providing these services to Stanly County. The agreement with Stanly County included the transfer of fixed assets with a carrying value of \$1,367,772 and that Stanly County would assume responsibility for repayment of the Town's outstanding balance of Sanitary Sewer bonds of \$222,405. This resulted in the Town recognizing a loss on the disposal of Sewer operations of \$1,145,367, which is the major factor in the Town's decrease in total net assets of \$1,062,066 during the year.
- As of the close of the current fiscal year, the Town of Richfield's general fund reported fund balance of \$1,108,289, an increase of \$273,426 in comparison with the prior year. Approximately 42.8 percent of this total amount, or \$474,425 is available for spending at the government's discretion (unassigned fund balance).

#### **Overview of the Financial Statements**

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

**Required Components of Annual Financial Report  
Figure 1**



### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provided more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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



## Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, transportation, environmental protection, and general administration. Property taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include Sewer services offered by the Town of Richfield, though, as discussed in Note 4, the Town ceased these operations during the year.

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

## Fund Financial Statements

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

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

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

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

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

## Government-Wide Financial Analysis

### Town of Richfield's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$1,138,848	\$ 850,318	\$ 19,506	\$ 238,044	\$1,158,354	\$1,088,362
Capital assets and deferred outflows of resources	<u>221,432</u>	<u>202,989</u>	<u>-</u>	<u>1,385,462</u>	<u>221,432</u>	<u>1,588,451</u>
Total assets and deferred outflows of resources	<u>1,360,280</u>	<u>1,053,307</u>	<u>19,506</u>	<u>1,623,506</u>	<u>1,379,786</u>	<u>2,676,813</u>
Long-term liabilities	1,418	-	-	188,046	1,418	188,046
Other liabilities and Deferred inflows of resources	<u>26,625</u>	<u>10,483</u>	<u>19,506</u>	<u>81,293</u>	<u>46,131</u>	<u>91,776</u>
Total liabilities and deferred inflows of resources	<u>28,043</u>	<u>10,483</u>	<u>19,506</u>	<u>269,339</u>	<u>47,549</u>	<u>279,822</u>
Net position:						
Net investment in capital assets	221,432	202,989	-	1,163,057	221,432	1,366,046
Restricted	154,644	146,533	-	-	154,644	146,533
Unrestricted	<u>956,161</u>	<u>693,302</u>	<u>-</u>	<u>191,110</u>	<u>956,161</u>	<u>884,412</u>
Total Net Position	<u>\$1,332,237</u>	<u>\$1,042,824</u>	<u>\$ -</u>	<u>\$1,354,167</u>	<u>\$1,332,237</u>	<u>\$2,396,991</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Richfield exceeded liabilities by \$1,332,237 as of June 30, 2020. The Town's net position decreased by \$1,062,066 for the fiscal year ended June 30, 2020. However, the largest portion of \$956,161 reflects the portion of net position that is unrestricted. Another portion of \$221,432 of the Town of Richfield's net position is the Town's net investment of capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Richfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Richfield's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining portion of \$154,644 represents resources that are subject to external restrictions on how they may be used.

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

- Continued diligence in the collection of property taxes by maintaining a tax collections percentage of 98.3%, which is relative compared to the statewide average of 97.0%.
- Investments in capital assets significantly decreased due to the transfer of Sewer plant assets with a carrying value of \$1,367,772 to Stanly County as part of the Town's agreement to dispose of their Sewer operations. Similarly, the Town benefitted from the assumption of \$222,405 of outstanding Sanitary Sewer bonds as part of the transaction.

**Town of Richfield Changes in Net Position**  
**Figure 3**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program Revenues						
Charges for Services	\$ 28,558	\$ 32,738	\$ 90,118	\$ 189,426	\$ 118,676	\$ 222,164
Grants & Contributions	24,813	24,844	-	-	24,813	24,844
General Revenues:						
Property Taxes	159,625	154,629	-	-	159,625	154,629
Other Taxes	225,765	219,904	-	-	225,765	219,904
Unrestricted investment earnings	711	697	5	-	716	697
Other	13,236	10,367	-	1,255	13,236	11,622
Total Revenues	<u>452,708</u>	<u>443,179</u>	<u>90,123</u>	<u>190,681</u>	<u>542,831</u>	<u>633,860</u>
Expenses:						
General Government	145,443	115,527	-	-	145,443	115,527
Public Safety	49,807	43,872	-	-	49,807	43,872
Highways/Streets	54,626	47,922	-	-	54,626	47,922
Environmental Protection	32,884	33,318	-	-	32,884	33,318
Culture and Recreation	23,411	31,171	-	-	23,411	31,171
Sewer operations	-	-	153,359	351,518	153,359	351,518
Total Expenses	<u>306,171</u>	<u>271,810</u>	<u>153,359</u>	<u>351,518</u>	<u>459,530</u>	<u>623,328</u>
Increase (Decrease) in net position before transfers	146,537	171,369	(63,236)	(160,837)	83,301	10,532
Transfers	145,564	(139,101)	(145,564)	139,101	-	-
Special item (See Note 4)	-	-	(1,145,367)	-	(1,145,367)	-
Increase (decrease) in net position	292,101	32,268	(1,354,167)	(21,736)	(1,062,066)	104,995
Net position, July 1 as previously reported	1,042,824	1,010,556	1,354,167	1,375,903	2,396,991	2,386,459
Prior period adjustment	(2,688)	-	-	-	(2,688)	-
Net position, July 1 restated	<u>1,040,136</u>	<u>1,010,556</u>	<u>1,354,167</u>	<u>1,375,903</u>	<u>2,394,303</u>	<u>2,386,459</u>
Net position, June 30	<u>\$ 1,332,237</u>	<u>\$ 1,042,824</u>	<u>\$ -</u>	<u>\$ 1,354,167</u>	<u>\$ 1,332,237</u>	<u>\$ 2,396,991</u>

**Governmental activities** - Governmental activities increased the Town's net position by \$292,101 thereby accounting growth in the net position in the governmental activities of the Town of Richfield.

- Revenues in the governmental activities increased by 2.2 percent over prior year.
- Governmental Funds received a transfer of \$145,564 from the close out of the sewer fund due to the transfer of operations to Stanly County.

**Business-type activities** - Business-type activities decreased the Town's net position by \$1,354,167.

- Revenues decreased approximately 52.7 percent due to the Town ceasing Sewer operations in October 2019.
- The Town transferred its sewer operations, including assets and outstanding debt, to Stanly County during the fiscal year which was reported as a special item resulting in a net effect of \$1,145,367 (See Note 4).

## Financial Analysis of the Town of Richfield's Funds

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

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

The General fund is the chief operating fund of the Town of Richfield. At the end of the current fiscal year, unassigned fund balance of the General fund was \$474,425, while total fund balance reached \$1,108,289. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 42.8 percent of total General fund balance. Unassigned fund balance represents 146.2 percent of General fund expenditures, while total fund balance represents 341.6 percent of the same amount. The town's governing body has not established a policy in a percentage fund balance in case of unforeseen needs.

**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 services.

The Town revised the budget to account for revised estimates on receipts of property and sales taxes and to appropriate those amounts to provide services. Additionally, a revision was made to reallocate the appropriation of expenditures based on current trends. Though some amendments were preformed, the Town exceeded appropriations above budgeted amounts for transportation

**Proprietary Funds** – The Town 's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The decrease in net position for the Sewer fund was \$1,354,167. The change in net position in the Sewer fund is a result of the Town ceasing the Sewer operations and transferring the fund's capital assets and outstanding debt to Stanly County (See Note 4).

## Capital assets and Debt Administration

Capital assets - The Town of Richfield's investment in capital assets for its governmental activities as of June 30, 2020 totals \$221,432 (net of accumulated depreciation) after transferring the Business-type activities capital assets to Stanly County. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles. Transferred assets included Sewer system plant assets.

### Town of Richfield Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Land	\$ 83,679	\$ 83,679	\$ -	\$ -	\$ 83,679
Buildings	62,697	49,758	-	-	62,697	49,758
Improvements	6,096	6,904	-	-	6,096	6,904
Sewer System	-	-	-	1,385,462	-	1,385,462
Equipment	1,711	2,299	-	-	1,711	2,299
Vehicles	46,216	34,200	-	-	46,216	34,200
Infrastructure	21,033	26,149	-	-	21,033	26,149
<b>Total</b>	<b>\$ 221,432</b>	<b>\$ 202,989</b>	<b>\$ -</b>	<b>\$ 1,385,462</b>	<b>\$ 221,432</b>	<b>\$ 1,588,451</b>

Long-Term Debt - As of June 30, 2020, the Town of Richfield had minimal outstanding long-term debt. As part of the agreement to transfer their Sewer operations to Stanly County, the County assumed outstanding debt of \$222,405. See Note 4 for a discussion of the transaction.

### Long-term Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 as restated	2020	2019 as restated	2020	2019 as restated
	Sanitary Sewer Bond	\$ -	\$ -	\$ -	\$ 222,405	\$ -
Compensated absences	2,836	2,688	-	-	2,836	2,688
<b>Total</b>	<b>\$ 2,836</b>	<b>\$ 2,688</b>	<b>\$ -</b>	<b>\$ 222,405</b>	<b>\$ 2,836</b>	<b>\$ 225,093</b>

North Carolina general statutes limit the amount of general obligation debt that us unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. Additional information regarding the Town of Richfield's long-term debt can be found in Note 3 Long-term obligations section of this report. The legal debt margin for the Town of Richfield is \$580,935.

## **Economic Factors and Next Year's Budgets and Rates**

**Impact of Coronavirus on Town** - On January 30, 2020, the World Health Organization declared the coronavirus "COVID-19" outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or "stay-at-home" restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including that of the Town. While it is unknown how long these conditions will last and what the complete financial impact will be, the Town is closely monitoring the impact of the COVID-19 pandemic on all aspects of their operations and are unable at this time to predict the continued impact that COVID-19 will have on their services, financial position, and operating results in future periods due to numerous uncertainties.

## **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities:** Property taxes (benefiting from the economic growth) and revenues from permits and fees are expected to show a slight decrease in budgeted revenue.

Budgeted revenues and expenditures in the General fund increase by 134.4% over prior year, the largest increase is the addition of fund balance appropriated of \$479,220 for a building.

## **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Town Administrator, Carolyn Capps, PO Box 158, Richfield, NC 28137 or phoned at (704) 463-1308, or richfieldnc@aol.com.

## **FINANCIAL SECTION**



**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 978,852	\$ 15,364	\$ 994,216
Taxes Receivable (net)	5,352	-	5,352
Due from Other Governments	41,456	-	41,456
Restricted Cash & Cash Equivalents	<u>113,188</u>	<u>4,142</u>	<u>117,330</u>
Total Current Assets	<u>1,138,848</u>	<u>19,506</u>	<u>1,158,354</u>
Non-current assets:			
Capital Assets			
Land	83,679	-	83,679
Other Capital Assets, Net of Depreciation	<u>137,753</u>	<u>-</u>	<u>137,753</u>
Total Capital Assets	<u>221,432</u>	<u>-</u>	<u>221,432</u>
Total Assets	<u>1,360,280</u>	<u>19,506</u>	<u>1,379,786</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Other Accrued Liabilities	25,207	15,364	40,571
Customer Deposits	-	4,142	4,142
Compensated Absences	<u>1,418</u>	<u>-</u>	<u>1,418</u>
Total Current Liabilities	<u>26,625</u>	<u>19,506</u>	<u>46,131</u>
Long-term Liabilities			
Compensated Absences	<u>1,418</u>	<u>-</u>	<u>1,418</u>
Total Long-term Liabilities	<u>1,418</u>	<u>-</u>	<u>1,418</u>
Total Liabilities	<u>28,043</u>	<u>19,506</u>	<u>47,549</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	221,432	-	221,432
Restricted for:			
Stabilization State Statute	41,456	-	41,456
Streets	113,188	-	113,188
Unrestricted	<u>956,161</u>	<u>-</u>	<u>956,161</u>
Total Net Position	<u>\$ 1,332,237</u>	<u>\$ -</u>	<u>\$ 1,332,237</u>

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

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED June 30, 2020**

**Exhibit 2**

<b>Functions / Programs</b>	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		
					<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 145,443	\$ 620	\$ -	\$ -	\$ (144,823)		\$ (144,823)
Public Safety	49,807	-	-	-	(49,807)		(49,807)
Transportation	54,626	-	24,813	-	(29,813)		(29,813)
Environmental Protection	32,884	-	-	-	(32,884)		(32,884)
Culture and Recreation	23,411	27,938	-	-	4,527		4,527
<b>Total Governmental Activities</b>	<b>306,171</b>	<b>28,558</b>	<b>24,813</b>	<b>-</b>	<b>(252,800)</b>	<b>-</b>	<b>(252,800)</b>
Business-Type Activities							
Sewer Fund	153,359	90,118	-	-	-	(63,241)	(63,241)
<b>Total Business-Type Activities</b>	<b>153,359</b>	<b>90,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,241)</b>	<b>(63,241)</b>
<b>Total Primary Government</b>	<b>\$ 459,530</b>	<b>\$ 118,676</b>	<b>\$ 24,813</b>	<b>\$ -</b>	<b>\$ (252,800)</b>	<b>\$ (63,241)</b>	<b>\$ (316,041)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purpose					159,625	-	159,625
Local Option Sales Taxes					166,277	-	166,277
Other Taxes					59,488	-	59,488
Unrestricted Investment Earnings					711	5	716
Miscellaneous					13,236	-	13,236
Transfers					145,564	(145,564)	-
Special Item-Loss on Disposal of Sewer Operations (See Note 4)					-	(1,145,367)	(1,145,367)
<b>Total General Revenues, Transfers and Special Item</b>					<b>544,901</b>	<b>(1,290,926)</b>	<b>(746,025)</b>
Change in Net Position					292,101	(1,354,167)	(1,062,066)
Net Position, Beginning as pPreviously Reported					1,042,824	1,354,167	2,396,991
Prior Period Adjustment (Note 8)					(2,688)	-	(2,688)
Net Position, Beginning Restated					1,040,136	1,354,167	2,394,303
Net Position, Ending					<b>\$ 1,332,237</b>	<b>\$ -</b>	<b>\$ 1,332,237</b>

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

**TOWN OF RICHFIELD, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

**Exhibit 3**

**ASSETS**

Cash and Cash Equivalents	\$ 978,852
Restricted Cash & Cash Equivalents	113,188
Receivables, Net:	
Taxes	5,352
Due from Other Governments	41,456
Total Assets	<u>\$ 1,138,848</u>

**LIABILITIES**

Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 25,207
Total Liabilities	<u>25,207</u>

**DEFERRED INFLOWS OF RESOURCES:**

Property Taxes Receivable	<u>5,352</u>
Total Deferred Inflows of Resources	<u>5,352</u>

**FUND BALANCES**

Restricted:	
Stabilization by State Statute	41,456
Streets-Powell Bill	113,188
Assigned	
Subsequent Year's Expenditures	479,220
Unassigned	<u>474,425</u>
Total Fund Balances	<u>1,108,289</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,138,848</u>

Reconciliation of fund balances as reported in the balance sheet - governmental funds with net position - governmental activities	
Fund balance as reported in the balance sheet - governmental funds	\$ 1,108,289

Amounts reported for governmental activities in the Statement of net position are different because:	
Total Fund Balance, Governmental Funds	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	221,432
Liabilities for earned revenues considered deferred inflows of resources in fund statements	5,352
Compensated absences	<u>(2,836)</u>
Net position of governmental activities.	<u>\$ 1,332,237</u>

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED June 30, 2020**

**Exhibit 4**

	<u>General</u>
<b>REVENUES</b>	
Ad Valorem Taxes	\$ 159,245
Other Taxes and Licenses	568
Unrestricted Intergovernmental	225,197
Restricted Intergovernmental	24,813
Permits and Fees	620
Sales and Services	27,938
Investment Earnings	711
Miscellaneous	<u>13,236</u>
Total Revenues	<u>452,328</u>
<b>EXPENDITURES</b>	
Current:	
General Government	144,044
Public Safety	52,483
Transportation	73,040
Environmental Protection	32,884
Culture and Recreation	<u>22,015</u>
Total Expenditures	<u>324,466</u>
Excess of revenues over expenditures	<u>127,862</u>
<b>OTHER FINANCING SOURCES</b>	
Transfers from Other Funds	<u>145,564</u>
Total Other Financing Sources	<u>145,564</u>
Net Change in Fund Balance	273,426
Fund Balances, Beginning	<u>834,863</u>
Fund Balances, Ending	<u>\$ 1,108,289</u>

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

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED June 30, 2020**

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Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 273,426
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	
Capital outlay expenditures which were capitalized	39,746
Depreciation expense for governmental assets	(21,303)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in unavailable revenue for tax revenues	380
Compensated absences	<u>(148)</u>
Total changes in net position of governmental activities.	<u>\$ 292,101</u>

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

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED June 30, 2020**

**Exhibit 6**

	General Fund			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Ad Valorem Taxes	\$ 138,500	\$ 150,000	\$ 159,245	\$ 9,245
Other Taxes and Licenses	700	700	568	(132)
Unrestricted Intergovernmental	145,370	165,370	225,197	59,827
Restricted Intergovernmental	25,000	25,000	24,813	(187)
Permits and Fees	1,100	1,100	620	(480)
Sales and Services	25,000	25,000	27,938	2,938
Investments Earnings	210	210	711	501
Miscellaneous	3,120	5,120	13,236	8,116
Total Revenues	<u>339,000</u>	<u>372,500</u>	<u>452,328</u>	<u>79,828</u>
Expenditures:				
Current:				
General Government	133,500	175,700	144,044	31,656
Public Safety	80,000	80,000	52,483	27,517
Transportation	25,000	24,600	73,040	(48,440)
Environmental protection	38,000	33,000	32,884	116
Cultural and Recreation	62,500	59,200	22,015	37,185
Total Expenditures	<u>339,000</u>	<u>372,500</u>	<u>324,466</u>	<u>48,034</u>
Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>127,862</u>	<u>127,862</u>
Other Financing Sources (uses):				
Transfer from other funds	<u>-</u>	<u>-</u>	<u>145,564</u>	<u>145,564</u>
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>145,564</u>	<u>145,564</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>273,426</u>	<u>\$ 273,426</u>
Fund Balances, Beginning			<u>834,863</u>	
Fund Balances, ending			<u>\$ 1,108,289</u>	

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

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUND**  
**June 30, 2020**

**Exhibit 7**

	<u>Sewer Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 15,364
Restricted Cash and Cash Equivalents	<u>4,142</u>
Total Current Assets	<u>19,506</u>
 Total Assets	 <u>19,506</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	15,364
Customer deposits	<u>4,142</u>
Total Current Liabilities	<u>19,506</u>
 Total Liabilities	 <u>19,506</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	-
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ -</u></u>

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

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED June 30, 2020**

**Exhibit 8**

	<u>Sewer Fund</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Sewer charges	\$ 89,713
Other operating revenues	<u>405</u>
Total Operating Revenues	<u>90,118</u>
<b>OPERATING EXPENSES</b>	
Water Treatment and Distribution	8,756
Waste Water Treatment	122,250
Depreciation	<u>17,690</u>
Total Operating Expenses	<u>148,696</u>
Operating Income (Loss)	<u>(58,578)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Earnings	5
Interest and Other Charges	<u>(4,663)</u>
Total Nonoperating Revenue (Expenses)	<u>(4,658)</u>
(Loss) before Contributions and Transfers	(63,236)
Transfer to General Fund	(145,564)
Special Item-Loss on Disposal of Sewer Operations (See Note 4)	<u>(1,145,367)</u>
Change in Net Position	(1,354,167)
Total Net Position, beginning	<u>1,354,167</u>
Total Net Position, ending	<u>\$ -</u>

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



**TOWN OF RICHFIELD, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED June 30, 2020**

**Exhibit 9**

	<u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 103,704
Cash paid for Goods and Services	<u>(158,434)</u>
Net Cash (Used) by Operating Activities	<u>(54,730)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Decrease in due to/from other funds	210,666
Transfers to/from other funds	<u>(145,564)</u>
Total Cash Provided by Noncapital Financing Activities	<u>65,102</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal Paid on Debt	-
Interest Paid on Debt	<u>(4,663)</u>
Total Cash (Used) by Capital and Related Financing Activities	<u>(4,663)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>5</u>
Net increase in Cash and Cash Equivalents	5,714
<b>Balances, beginning</b>	<u>13,792</u>
<b>Balances, ending</b>	<u>\$ 19,506</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating (Loss)	<u>\$ (58,578)</u>
Adjustments to reconcile Operating Income to net cash provided by operating activities	
Depreciation	17,690
Changes in Assets and Liabilities	
(Increase) decrease in Accounts Receivable	13,586
Increase (decrease) in Accounts Payable & Accrued Liabilities	692
(Decrease) in Customer Deposits	<u>(28,120)</u>
Total Adjustments	<u>3,848</u>
Net Cash (Used) by Operating Activities	<u>\$ (54,730)</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statement themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.

## **Note 1: Summary of Significant Accounting Policies**

The accounting policies of the Town of Richfield 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 Richfield is a municipal corporation that is governed by an elected Mayor and a five-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the Town as a legally separate entity for which the Town is financially accountable.

### **B. Basis of Presentation**

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

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

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

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

The Town reports the following major governmental funds:

**Note 1: Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

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

The Town reports the following major enterprise funds:

**Sewer Fund.** This fund is used to account for the Town's Sewer operations.

**C. Measurement Focus and Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the Sewer system. Operating expense for the enterprise fund includes 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

**Note 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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 a 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 in the County, including the Town of Richfield. 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 are billed in periods prior to September 1, 2013, and for limited registrations are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. All amendments must be approved by the governing board and the board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**Town of Richfield, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Deposits and Investments

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

State law [G.S.159-30 (c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

Cash and Cash Equivalents

The Town does not pool money from the two funds to facilitate disbursements and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for the purpose outlined in G.S. 136-41.1 thru 136-41.4.

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Richfield Restricted Cash:

Governmental Activities

General Fund:

Streets (Powell Bill)..... \$ 113,188

Business-type Activities

Sewer Fund:

Customer Deposits 4,142

\$ 117,330

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due

**Note 1: Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (Continued)**

Ad Valorem Taxes Receivable (Continued)

on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General fund, ad valorem tax revenues are reported net of such discounts.

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 receivable that were written off in prior years.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost are as follows: land, \$10,000; Buildings, improvements, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment \$3,000; vehicles, \$5,000; and computers and software \$3,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at their acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of Sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20-50 Years
Infrastructure	10-30 Years
Improvements	25 Years
Vehicles	5 Years
Furniture and equipment	10 Years
Computer equipment and software	3 Years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of*

**Note 1: Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (Continued)**

Deferred outflows/inflows of resources (Continued)

*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 no items that meet criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town had only one item that meets the criterion for this category – property tax receivable.

Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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 premiums or discount. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt, except for prepaid insurance 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, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences

The vacation policies of the Town provide for the accumulation of up to 15 days of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensation time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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



**Note 1: Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (Continued)**

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 assets 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 Balances

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

The governmental fund types classify fund balances as follows:

**Restricted Fund Balance:** This classification includes amounts that are restricted to specific purposes externally imposed by creditor or imposed by law.

**Restricted by Stabilization by State Statute - North Carolina G.S. 159-8** prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

**Assigned Fund Balance** - portion of fund balance that the Town intends to use for specific purposes.

**Note 1: Summary of Significant Accounting Policies (Continued)**

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (Continued)**

Net Position/Fund Balances (Continued)

Subsequent year's expenditures – portion of the fund balance that has not been restricted, committed, or assigned to specific purposes.

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

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

**Note 2: Stewardship, Compliance, and Accountability**

Noncompliance with North Carolina General Statutes

State law (G.S. 159-34) requires the unit to have its accounts audited as soon as possible after the close of each fiscal year. Due to the COVID-19 pandemic the audit due date was extended until January 31, 2021. However, the Town failed to comply with this deadline. We recommend, going forward, that the unit take every possible step to have audits completed timely. The Town agrees with this recommendation and will work with their new auditor to achieve this going forward.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, the expenditures made in the Town's General fund exceeded the authorized appropriations made by the governing board for the Transportation department by \$48,440 and by \$310,354 in the Sewer fund related to transfers to the General Fund. Management and the Board will more closely review the budget reports to ensure compliance in future years.

**Note 3: Detail Notes on All Funds**

**A. Assets**

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities

**Note 3: Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

Deposits (Continued)

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 Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledge for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standard of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town' deposits had a carrying amount of \$1,111,446, and a bank balance of \$1,114,216. Of the Bank Balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$100.

The Town of Richfield has no policy regarding credit risk.

Receivables – Allowances for Doubtful Accounts

No allowances are calculated as receivables are represented at their realizable amounts.

**Town of Richfield, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**Note 3: Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2020.

Governmental Activities	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 83,679	\$ -	\$ -	\$ 83,679
<b>Capital assets being depreciated</b>				
Buildings	97,653	16,216	-	113,869
Other improvements	187,052	-	-	187,052
Equipment	70,323	-	-	70,323
Vehicles	36,000	23,530	-	59,530
Infrastructure	99,915	-	-	99,915
Total capital assets being depreciated	<u>490,943</u>	<u>39,746</u>	<u>-</u>	<u>530,689</u>
<b>Less accumulated depreciation</b>				
Buildings	47,895	3,277	-	51,172
Other improvements	180,148	808	-	180,956
Equipment	68,024	588	-	68,612
Vehicles	1,800	11,514	-	13,314
Infrastructure	73,766	5,116	-	78,882
Total accumulated depreciation	<u>371,633</u>	<u>21,303</u>	<u>-</u>	<u>392,936</u>
Total capital assets being depreciated, net	<u>119,310</u>			<u>137,753</u>
<b>Total Governmental activity capital assets, net</b>	<b><u>\$ 202,989</u></b>			<b><u>\$ 221,432</u></b>

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

General Government	\$ 1,251
Public Safety	13,540
Transportation	5,116
Cultural and Recreation	1,396
Total Depreciation Expense	<u>\$ 21,303</u>

**Town of Richfield, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**Note 3: Detail Notes on All Funds (Continued)**

**A. Assets (Continued)**

Capital assets (Continued)

Business-type activities	Beginning			Ending
Sewer Fund	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Capital assets being depreciated</b>				
Plant distribution system	\$ 2,648,666	\$ -	\$ 2,648,666	\$ -
Total capital assets being depreciated	<u>2,648,666</u>	<u>-</u>	<u>2,648,666</u>	<u>-</u>
<b>Less accumulated depreciation</b>				
Plant distribution system	1,263,204	17,690	1,280,894	-
Total accumulated depreciation	<u>1,263,204</u>	<u>17,690</u>	<u>1,280,894</u>	<u>-</u>
Total capital assets being depreciated, net	<u>1,385,462</u>			<u>-</u>
<b>Total business-type capital assets, net</b>	<b><u>\$ 1,385,462</u></b>			<b><u>\$ -</u></b>

**B. Liabilities**

Deferred Outflows and Inflows of Resources

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

Taxes Receivable (General Fund)                      \$ 5,352

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$ 1 million per occurrence, property coverage up to the total insurance values of the property policy, worker's compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability and property in excess of \$500,000 and \$300,000 up to statutory limits for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

**Town of Richfield, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**Note 3: Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

Risk Management (Continued)

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 Town is not required to carry flood insurance because the Town is not in an area of the State that has been mapped and designation an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

Claims, Judgments and Contingent Liabilities

At June 30, 2020, there was no material pending or threatened litigation, claims or assessments involving the Town of Richfield.

Long-Term Obligations

The Town's long-term debt consisted of Sanitary Sewer Bonds secured by the Sewer Fund.

\$530,000 Sanitary Sewer Bonds was issued December, 1993, principal and interest due in annual installments through June, 2032 interest at 6.125%. The amount outstanding at 6/30/16 was \$319,509. However, the Town of Richfield refinanced the bonds in the amount of \$350,000 on June 2, 2015 with Uwharrie Bank in Albemarle, NC with a lower interest rate of 2.990% per annum. The new note was set up for payment amount for 10 years of \$41,101 yearly.

As part of the terms of the transfer of Sewer operations' agreement with Stanly County as disclosed in Note 4, the County assumed the outstanding balance of the debt of \$222,405 upon the date of transfer and relieved the Town of the responsibility for repayment.

At June 30, 2020, the Town of Richfield had a legal debt margin of \$5,809,345.

Changes in Long-Term Liabilities

	July 1 Balance as restated (See Note 8)	Increases	Decreases	June 30 Balance	Current portion of Balance
Governmental activities					
Compensated absences	\$ 2,688	\$ 148	\$ -	\$ 2,836	\$ 1,418
Total Governmental activities	\$ 2,688	\$ 148	\$ -	\$ 2,836	\$ 1,418
Business-type activities					
Sanitary sewer bonds	\$ 222,405	\$ -	\$ 222,405	\$ -	\$ -
Total Business-type activities	\$ 222,405	\$ -	\$ 222,405	\$ -	\$ -

**Town of Richfield, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2020**

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**Note 3: Detail Notes on All Funds (Continued)**

Interfund Balances and Activity

Balances due to/from Other Funds as of June 30, 2020, consist of the following which was originally used on extensive maintenance on the Sewer fund in past years.

Transfers to/from Other funds:

Transfer from Sewer Fund to General Fund was \$145,564. This transfer was to distribute the remaining fund balance to the General Fund beyond liabilities outstanding to close out the Sewer Fund after the transfer of operations to Stanly County as disclosed in Note 4.

Fund Balance

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

Total Fund Balance – General Fund	<u>\$1,108,289</u>
Less:	
Stabilization by State Statute	41,456
Streets- Powell Bill	113,188
Subsequent year's expenditures	479,220
Remaining Fund Balance	474,425

The Town of Richfield has adopted no minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town.

**Note 4: Special Item-Disposal of Sewer Operations**

In October 2019, the Town terminated the provision of Sewer operations and transferred the Sewer system to Stanly County. As part of the agreement, the Town transferred fixed assets with a net carrying value of \$1,367,772. Additionally, Stanly County assumed responsibility for repayment of \$222,405 in outstanding Sanitary Sewer Bonds. The net loss on the transaction of \$1,145,367 is reflected as a special item in the Statement of Activities and the Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds.

**Note 5: Jointly Governed Organization**

The Town, in conjunction with nine counties and seventy-three other municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$750 to the Council during the fiscal year ended June 30, 2020.

**Note 6: Summary Disclosure of Significant Contingencies**

State Assisted Programs

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

**Note 7: Impact of Coronavirus on Town**

On January 30, 2020, the World Health Organization declared the coronavirus “COVID-19” outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or “stay-at-home” restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including that of the Town. While it is unknown how long these conditions will last and what the complete financial impact will be, the Town is closely monitoring the impact of the COVID-19 pandemic on all aspects of their operations and are unable at this time to predict the continued impact that COVID-19 will have on their services, financial position, and operating results in future periods due to numerous uncertainties.

**Note 8: Prior Period Adjustment**

During the fiscal year ended June 30, 2020, the Town determined that compensated absences in the government-wide financial statements, that were subject to accrual, had been omitted in past years. Therefore, an adjustment to beginning fund balance has been recorded to account for those accruals, the net effect of which decreased beginning fund balance by \$2,688. General fund financial statements were not affected.



**INDIVIDUAL FUND  
FINANCIAL STATEMENTS**

## ***MAJOR GOVERNMENTAL FUNDS***

***General Fund*** – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED June 30, 2020**

<b>Revenues:</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Ad Valorem Taxes:			
Taxes	\$ -	\$ 142,434	\$ -
Motor vehicle taxes	-	16,811	-
Total	<u>150,000</u>	<u>159,245</u>	<u>9,245</u>
Other Taxes and Licenses:			
Privilege Licenses	-	568	-
Total	<u>700</u>	<u>568</u>	<u>(132)</u>
Unrestricted Intergovernmental:			
Local Option Sales Taxes	-	166,277	-
Utility Franchise Tax	-	53,154	-
Occupancy Tax	-	2,956	-
Beer and Wine Tax	-	2,810	-
Total	<u>165,370</u>	<u>225,197</u>	<u>59,827</u>
Restricted Intergovernmental			
Powell Bill Allocation	-	24,813	-
Total	<u>25,000</u>	<u>24,813</u>	<u>(187)</u>
Permits and Fees:			
Zoning	-	620	-
Total	<u>1,100</u>	<u>620</u>	<u>(480)</u>
Sales and Services:			
Nextel lease	-	17,338	-
Dumpster	-	1,000	-
Rentals	-	9,600	-
Total	<u>25,000</u>	<u>27,938</u>	<u>2,938</u>
Investment Earnings	<u>210</u>	<u>711</u>	<u>501</u>
Miscellaneous:			
Other	-	13,236	-
Total	<u>5,120</u>	<u>13,236</u>	<u>8,116</u>
Total Revenues	<u>372,500</u>	<u>452,328</u>	<u>79,828</u>

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

FOR THE YEAR ENDED June 30, 2020

<b>Expenditures:</b>	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
General Government			
Salaries and employee benefits	-	68,787	-
Professional services	-	43,432	-
Other operating expenditures	-	12,629	-
Total	<u>155,600</u>	<u>124,848</u>	<u>30,752</u>
Taxes:			
Collection fees	-	2,625	-
Total	<u>2,000</u>	<u>2,625</u>	<u>(625)</u>
Public Buildings:			
Utilities	-	3,893	-
Building and equipment repair	-	1,916	-
Insurance	-	7,688	-
Dues and subscriptions	-	3,074	-
Total	<u>18,100</u>	<u>16,571</u>	<u>1,529</u>
Total General Government	<u>175,700</u>	<u>144,044</u>	<u>31,656</u>
Public Safety:			
Police:			
Contract	-	36,267	-
Capital outlay	-	16,216	-
Total Public Safety	<u>80,000</u>	<u>52,483</u>	<u>27,517</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits	-	16,993	-
Powell Bill expenditures	-	16,695	-
Maintenance	-	15,822	-
Capital outlay	-	23,530	-
Total Transportation	<u>24,600</u>	<u>73,040</u>	<u>(48,440)</u>
Environmental Protection:			
Solid Waste:			
Contract	-	32,884	-
Total Environmental Protection	<u>33,000</u>	<u>32,884</u>	<u>116</u>

## TOWN OF RICHFIELD, NORTH CAROLINA

Exhibit A-1

## GENERAL FUND

Page 3 of 3

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

FOR THE YEAR ENDED June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Culture and Recreation:			
Parks and Recreation:			
Labor	-	2,593	-
Utilities	-	9,887	-
Other Operating Expenditures	-	9,535	-
Total cultural and recreation	<u>59,200</u>	<u>22,015</u>	<u>37,185</u>
Total Expenditures	<u>372,500</u>	<u>324,466</u>	<u>48,034</u>
Revenues over Expenditures	<u>-</u>	<u>127,862</u>	<u>127,862</u>
Other Financing Sources (uses):			
Transfers (to) from Funds:			
Transfer from enterprise fund	-	145,564	145,564
Total	<u>-</u>	<u>145,564</u>	<u>145,564</u>
Net change in fund balance after other financing sources	<u>\$ -</u>	273,426	<u>\$ 273,426</u>
Fund Balances, beginning		<u>834,863</u>	
Fund Balances, ending		<u>\$ 1,108,289</u>	

## ENTERPRISE FUNDS

Enterprise Funds are 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 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 net income is appropriate for accountability purposes.

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***Sewer Fund*** - This fund is used to account for the Town's sewer operations.

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED June 30, 2020**

<b>Revenues:</b>	Budget	Actual	Variance Positive (Negative)
Sewer charges	\$ 186,000	\$ 89,713	\$ (96,287)
Other operating revenues	<u>700</u>	<u>405</u>	<u>(295)</u>
Total operating revenues	<u>186,700</u>	<u>90,118</u>	<u>(96,582)</u>
<b>Nonoperating Revenues:</b>			
Miscellaneous revenue	500	-	-
Interest earnings	<u>10</u>	<u>5</u>	<u>-</u>
Total nonoperating revenues	<u>510</u>	<u>5</u>	<u>(505)</u>
 Total Revenues	 <u>187,210</u>	 <u>90,123</u>	 <u>(97,087)</u>
 <b>Expenditures:</b>			
Waste collection and treatment:			
Sewage collection system:			
Contract Labor	-	4,341	-
Maintenance and repairs	-	1,459	-
Utilities	-	1,894	-
Other operating expenditures	<u>-</u>	<u>1,062</u>	<u>-</u>
Total	<u>50,500</u>	<u>8,756</u>	<u>41,744</u>
Primary waste treatment:			
Sewer treatment	<u>-</u>	<u>122,250</u>	<u>-</u>
Total primary waste treatment	<u>260,000</u>	<u>122,250</u>	<u>137,750</u>
Total waste collection and treatment	<u>310,500</u>	<u>131,006</u>	<u>179,494</u>
 Debt service:			
Interest and other charges	<u>-</u>	<u>4,663</u>	<u>-</u>
Total debt service	<u>41,500</u>	<u>4,663</u>	<u>36,837</u>
 Total Expenditures	 <u>352,000</u>	 <u>135,669</u>	 <u>216,331</u>
 Expenditures (under) revenues	 <u>(164,790)</u>	 <u>(45,546)</u>	 <u>119,244</u>

## SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other Financing Sources (uses):			
Transfer from (to) other funds:			
General Fund	<u>164,790</u>	<u>(145,564)</u>	<u>(310,354)</u>
Total Other Financing Sources (Uses)	<u>164,790</u>	<u>(145,564)</u>	<u>(310,354)</u>
Revenues and Other Sources (under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (191,110)</u>	<u>\$ (191,110)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:		<u>\$ (191,110)</u>	
Reconciling Items:			
Depreciation		(17,690)	
Special item-Loss on Disposal of Sewer Operations (See Note 4)		<u>(1,145,367)</u>	
Total reconciling items		<u>(1,163,057)</u>	
Change in Net Position		<u>\$ (1,354,167)</u>	



## **Other Schedules**

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This section includes additional information on property taxes.

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

**TOWN OF RICHFIELD, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2020**

**Exhibit C-1**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 159,757	\$ 157,060	\$ 2,697
2018-2019	2,124	-	948	1,176
2017-2018	1,311	-	1,009	302
2016-2017	367	-	152	215
2015-2016	230	-	69	161
2014-2015	112	-	-	112
2013-2014	291	-	-	291
2012-2013	110	-	2	108
2011-2012	103	-	5	98
2010-2011	192	-	-	192
2009-2010	132	-	132	-
Totals	<u>\$ 4,972</u>	<u>\$ 159,757</u>	<u>\$ 159,377</u>	<u>5,352</u>

Reconcilement with revenues:

Taxes - ad valorem - General Fund	159,245
Releases	264
Write-off of prior year taxes	<u>(132)</u>
Total collections and credits	<u>\$ 159,377</u>

**TOWN OF RICHFIELD, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY - TOWN WIDE LEVY  
FOR THE YEAR ENDED June 30, 2020**

**Exhibit C-2**

	Town - Wide			Total Levy	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxes at current year's rate	\$ 72,462,727	0.22	\$ 159,418	\$ 142,582	\$ 16,836
Penalties	-	0.22	-	-	-
Total Property Valuation	<u>72,462,727</u>		<u>159,418</u>	<u>142,582</u>	<u>16,836</u>
Abatements	(62,273)	0.22	(137)	(137)	-
Discoveries	<u>216,364</u>	0.22	<u>476</u>	<u>476</u>	<u>-</u>
Total property valuation	<u>\$ 72,616,818</u>				
Net Levy			<u>159,757</u>	<u>142,921</u>	<u>16,836</u>
Uncollected Taxes at June 30, 2020			<u>2,697</u>	<u>2,672</u>	<u>25</u>
Current Year's Taxes Collected			<u>\$ 157,060</u>	<u>\$ 140,249</u>	<u>\$ 16,811</u>
Current Levy Collection Percentage			<u>98.3%</u>	<u>98.1%</u>	<u>99.9%</u>