

Town of Swepsonville

Swepsonville, North Carolina

Audited Financial Statements

Year Ended June 30, 2020

Town of Swepsonville
Swepsonville, North Carolina

Henry Carrouth, Mayor

Town Council

John Andrews

Travis Sapp

Wilbur Suggs

Drew Sharpe, Town Finance Officer

**Town of Swepsonville
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June 30, 2020**

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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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 financial position of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Town of Swepsonville, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 statement, 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 Swepsonville, North Carolina. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 by us. In our opinion, based on our audit, the procedures performed as described above, the individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cobb Ezekiel Jay & Company PA

Certified Public Accountants
Graham, North Carolina
January 19, 2021

Management's Discussion and Analysis Town of Swepsonville

As management of the Town of Swepsonville, we offer readers of the Town of Swepsonville's financial statements this narrative overview and analysis of the financial activities of the Town 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 of Swepsonville's financial statements, which follow this narrative.

Financial Highlights

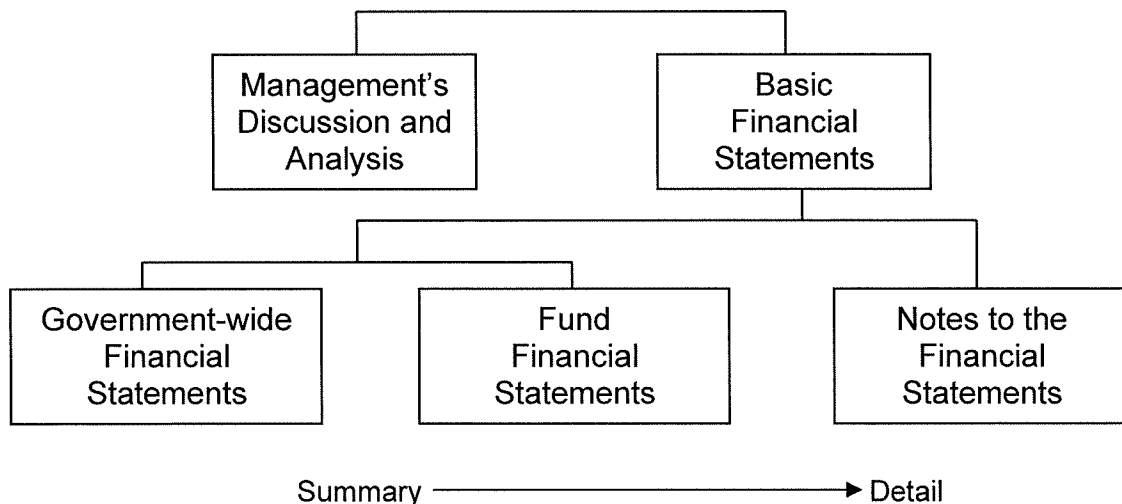
- The assets and deferred outflows of resources of the Town of Swepsonville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,826,909 (*net position*).
- The government's total net position increased by \$536,036 due to an increase in the government type activities net position of \$239,245 and an increase in the business type activity net position of \$296,791.
- As of the close of the current fiscal year, the Town of Swepsonville's governmental funds reported combined ending fund balances of \$3,888,394 with a net change of \$212,170 in fund balance. Approximately 24.9% of this total amount, or \$968,000, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,909,690, or 1,370.53% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Management's Discussion and Analysis Town of Swepsonville

Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the 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 of Swepsonville'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 of Swepsonville's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town of Swepsonville'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 of Swepsonville's basic services such as public safety and general administration. Utility franchise and excise taxes and sales taxes finance most of these activities. The business-type activities are those that the Town charge customers to provide.

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 of Swepsonville'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 Swepsonville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Swepsonville can be divided into two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis

Town of Swepsonville

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 Swepsonville 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 and the management of the Town about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on page 20 of this report.

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

Management's Discussion and Analysis

Town of Swepsonville

Government-Wide Financial Analysis

The Town of Swepsonville's Net Position
Figure 2

	Governmental Activities			Business-Type Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Current and other assets	\$ 3,903,424	\$ 3,683,899	\$ 3,349,804	\$ 2,750,961	\$ 2,471,861	\$ 2,367,289	\$ 6,654,385	\$ 6,155,760	\$ 5,717,093
Capital assets	347,345	320,271	328,087	1,973,094	1,901,103	2,006,532	2,320,439	2,221,374	2,334,619
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	4,250,769	4,004,170	3,677,891	4,724,055	4,372,964	4,373,821	8,974,824	8,377,134	8,051,712
Long-term liabilities outstanding	-	-	-	-	-	-	-	-	-
Other liabilities	19,431	12,077	10,683	128,484	74,184	95,059	147,915	86,261	105,742
Deferred inflows of resources	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	19,431	12,077	10,683	128,484	74,184	95,059	147,915	86,261	105,742
Net position:									
Net investment in capital assets	347,345	320,271	328,087	1,973,094	1,901,103	2,006,532	2,320,439	2,221,374	2,334,619
Restricted	93,300	96,251	87,903	-	-	-	93,300	96,251	87,903
Unrestricted	3,790,693	3,575,571	3,251,218	2,622,477	2,397,677	2,272,230	6,413,170	5,973,248	5,523,448
Total net position	\$ 4,231,338	\$ 3,992,093	\$ 3,667,208	4,595,571	4,298,780	\$ 4,278,762	8,826,909	\$ 8,290,873	\$ 7,945,970
Total Liabilities and net position	\$ 4,250,769	\$ 4,004,170	\$ 3,677,891	4,724,055	4,372,964	\$ 4,373,821	8,974,824	\$ 8,377,134	\$ 8,051,712

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Swepsonville exceeded liabilities by \$8,826,909 as of June 30, 2020.

The Town's net position increased by \$536,036 for the fiscal year ended June 30, 2020. However, the second largest portion (26.29%) reflects the Town's net investment in capital assets (e.g. land, buildings, furniture, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities.

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

- Increased sales tax revenues of approximately \$12,000 due to economic growth in the Town.
- Increased charges for services of almost \$150,000 due to growth in the number of water and sewer users. This includes an increase in Access fees of approximately \$58,000.

Management's Discussion and Analysis

Town of Swepsonville

Financial Analysis of the Town's Funds

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

Town of Swepsonville's Changes in Net Position

Figure 3

	Governmental Activities			Business-type Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenues:									
Program revenues:									
Charges for services	\$ -	\$ -	\$ -	\$ 1,192,390	\$ 1,041,043	\$ 1,215,516	\$ 1,192,390	\$ 1,041,043	\$ 1,215,516
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
General revenues:									
Property taxes	-	-	-	-	-	-	-	-	-
Sales and other taxes	381,546	369,288	335,369	-	-	-	381,546	369,288	335,369
Intergovernmental revenues	110,050	112,375	112,668	-	-	-	110,050	112,375	112,668
Investment Earnings	56,690	45,639	30,004	37,110	25,398	19,940	93,800	71,037	49,944
Sales and service	-	200	30	-	-	-	-	200	30
Miscellaneous Income	3,188	2,138	(9,834)	3,892	23,735	10,650	7,080	25,873	816
Total revenues	551,474	529,640	468,237	1,233,392	1,090,176	1,246,106	1,784,866	1,619,816	1,714,343
Expenses:									
General government	152,051	155,784	146,772	-	-	-	152,051	155,784	146,772
Streets and highways	841	1,749	2,237	-	-	-	841	1,749	2,237
Public safety	9,888	26,472	-	-	-	-	9,888	26,472	-
Environmental protection	-	886	-	-	-	-	-	886	-
Cultural and recreation	24,449	19,864	10,180	-	-	-	24,449	19,864	10,180
Water and sewer	-	-	-	1,061,601	1,070,158	921,504	1,061,601	1,070,158	921,504
Total expenses	187,229	204,755	159,189	1,061,601	1,070,158	921,504	1,248,830	1,274,913	1,080,693
Increase in net position	364,245	324,885	309,048	171,791	20,018	324,602	536,036	344,903	633,650
Transfer to/from other funds	(125,000)	-	-	125,000	-	-	-	-	-
Net position, July 1	3,992,093	3,667,208	3,358,160	4,298,780	4,278,762	3,954,160	8,290,873	7,945,970	7,312,320
Net position, June 30	\$ 4,231,338	\$ 3,992,093	\$ 3,667,208	\$ 4,595,571	\$ 4,298,780	\$ 4,278,762	8,826,909	\$ 8,290,873	\$ 7,945,970

Governmental Funds. The focus of the Town of Swepsonville'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 Swepsonville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Swepsonville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,909,690, while total fund balance reached \$3,888,394.

General Fund Budgetary Highlights: 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.

Management's Discussion and Analysis Town of Swepsonville

Capital Asset and Debt Administration

Capital assets. The Town of Swepsonville's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$2,320,439 (net of accumulated depreciation). These assets include land, equipment, and infrastructure.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 217,913	\$ 217,913	\$ 12,643	\$ 12,643	\$ 230,556	\$ 230,556
Construction in progress	-	-	180,515	-	180,515	-
Buildings and improvements	70,496	74,095	-	-	70,496	74,095
Furniture, equipment and vehicles	37,518	2,926	63,582	66,252	101,100	69,178
Recreation equipment and improvements	21,418	25,337	-	-	21,418	25,337
Plant and distribution systems	-	-	1,716,354	1,822,208	1,716,354	1,822,208
Total	\$ 347,345	\$ 320,271	\$ 1,973,094	\$ 1,901,103	\$ 2,320,439	\$ 2,221,374

Additional information on the Town's capital assets can be found in note 2 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020, the Town of Swepsonville had no bonded debt outstanding.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the activity of the Town of Swepsonville:

- The Town continues its focus on containing General Fund expenditure growth while enhancing its revenue growth. Inflationary trends in the region continue to trend favorably.
- While the Town does not charge a property tax, assessed property values continue to rise.
- Population continues to grow as more people are looking to call Swepsonville home. A residential neighborhood of 285 homes is currently under construction.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities – given COVID-19 and a number of Executive Orders, growth in sales tax revenue continues to be favorable for the Town. While the increase over the 2018-19 fiscal year is marginal. A moderately favorable overall outlook of the economy combined with a spike in online purchases during lockdowns, led to an increase in consumer spending.

Business-type Activities – Water and sewer rates were increased 5% for the 2019-2020 fiscal year. The increase in fees applied to all customers whether inside or outside the corporate town limits. Charges for water and sewer services are expected to continue to increase due to demand as well as growth in the Town. In addition, the increase in rates help to cover costs associated with the updating of infrastructure throughout the Town.

Management's Discussion and Analysis
Town of Swepsonville

Request for Information

This report is designed to provide an overview of the Town of Swepsonville's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to:

Town Clerk
Town of Swepsonville
2747 Darrell Newton Drive
Graham, NC 27253

BASIC FINANCIAL STATEMENTS

Town of Swepsonville
Statement of Net Position
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,699,886	\$ 2,510,979	\$ 6,210,865
Accounts receivable (net)	3,589	148,192	151,781
Due from (to) other funds	1,925	(1,925)	-
Due from other governments	86,943	-	86,943
Accrued interest receivable	843	124	967
Prepaid insurance	10,404	-	10,404
Restricted Cash and Cash Equivalents	-	93,591	93,591
Total current assets	<u>3,803,590</u>	<u>2,750,961</u>	<u>6,554,551</u>
Non-current Assets:			
Governmental bonds, at amortized cost	99,834	-	99,834
Capital assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	217,913	193,158	411,071
Other capital assets, net of depreciation	129,432	1,779,936	1,909,368
Total capital assets	<u>347,345</u>	<u>1,973,094</u>	<u>2,320,439</u>
Total assets	<u>4,250,769</u>	<u>4,724,055</u>	<u>8,974,824</u>
Deferred Outflows of Resources	-	-	-
Liabilities			
Current liabilities:			
Accounts payable	11,877	94,192	106,069
Accrued expenses	7,554	8,192	15,746
Customer deposits	-	26,100	26,100
Total current liabilities	<u>19,431</u>	<u>128,484</u>	<u>147,915</u>
Deferred Inflows of Resources	-	-	-
Net Position			
Net investments in capital assets	347,345	1,973,094	2,320,439
Restricted for Stabilization by State Statute	93,300	-	93,300
Unrestricted	3,790,693	2,622,477	6,413,170
Total net position	<u>\$ 4,231,338</u>	<u>\$ 4,595,571</u>	<u>\$ 8,826,909</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Primary Government				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 152,051	\$ -	\$ -	\$ -	\$ (152,051)	\$ -	\$ (152,051)
Streets and highways	841	-	-	-	(841)	-	(841)
Public safety	9,888	-	-	-	(9,888)	-	(9,888)
Environmental protection	-	-	-	-	-	-	-
Cultural and recreation	24,449	-	-	-	(24,449)	-	(24,449)
Total governmental activities	187,229	-	-	-	(187,229)	-	(187,229)
Business-type activities:							
Water	1,061,601	1,192,390	-	-	-	130,789	130,789
Total business-type activities	1,061,601	1,192,390	-	-	-	130,789	130,789
Total primary government	\$ 1,248,830	\$ 1,192,390	\$ -	\$ -	(187,229)	130,789	(56,440)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					-	-	-
Other taxes					381,546	-	381,546
Licenses and permits					1,200	-	1,200
Intergovernmental revenues					110,050	-	110,050
Sales and services					-	-	-
Unrestricted investment earnings					56,690	37,110	93,800
Miscellaneous					1,988	3,892	5,880
Total general revenues excluding transfers					551,474	41,002	592,476
Transfers					(125,000)	125,000	-
Total general revenues and transfers					426,474	166,002	592,476
Total change in net position					239,245	296,791	536,036
Net position-beginning					3,992,093	4,298,780	8,290,873
Net position-ending					\$ 4,231,338	\$ 4,595,571	\$ 8,826,909

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

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

Exhibit 3

	Major Fund - General	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,699,886	\$ -	\$ 3,699,886
Accounts receivable (net)	3,589	-	3,589
Due from other funds	1,925	-	1,925
Due from other governments	86,943	-	86,943
Accrued interest receivable	843	-	843
Prepaid insurance	10,404	-	10,404
Governmental bonds, at amortized cost	99,834	-	99,834
Total assets	<u>\$ 3,903,424</u>	<u>\$ -</u>	<u>\$ 3,903,424</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 15,030	\$ -	\$ 15,030
Total liabilities	<u>15,030</u>	<u>-</u>	<u>15,030</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non Spendable			
Prepays	10,404	-	10,404
Restricted			
Stabilization by State Statute	93,300	-	93,300
Committed	875,000	-	875,000
Assigned			
Subsequent year's expenditures	-	-	-
Unassigned, General Fund	2,909,690	-	2,909,690
Total fund balances	<u>3,888,394</u>	<u>-</u>	<u>3,888,394</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,903,424</u>	<u>\$ -</u>	

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

Total Fund Balance, Governmental Funds	3,888,394
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	347,347
Liabilities for earned revenues considered deferred inflows of resources in fund	(4,403)
Net position of governmental activities	<u>\$ 4,231,338</u>

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

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

Exhibit 4

	Major Fund - General	Non-Major Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ -
Other taxes and licenses	381,546	-	381,546
Unrestricted intergovernmental	110,050	-	110,050
Restricted intergovernmental	-	-	-
Permits and fees	1,200	-	1,200
Sales and services	-	-	-
Investment earnings	56,690	-	56,690
Other revenues	1,988	-	1,988
Total revenues	551,474	-	551,474
Expenditures:			
General government	178,627	-	178,627
Streets and highways	841	-	841
Public safety	9,888	-	9,888
Environmental protection	-	-	-
Cultural and recreation	24,948	-	24,948
Contingency	-	-	-
Total expenditures	214,304	-	214,304
Revenues over (under) expenditures	337,170	-	337,170
Other financing sources (uses)	(125,000)	-	(125,000)
Net change in fund balance	212,170	-	212,170
Fund balance, beginning	3,676,224	-	3,676,224
Fund balance, ending	\$ 3,888,394	\$ -	\$ 3,888,394

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

Net changes in fund balances - total governmental funds	\$ 212,170
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period	
Capital outlay expenditures which were capitalized	40,765
Depreciation expense for governmental assets	(13,690)
Book value of disposed capital asset not recorded in fund statements	-
Compensated absences (vacation and sick pay) recognized as an expense in the statement of activities	-
Total changes in net position of governmental activities	\$ 239,245

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

Town of Swebsonville

Exhibit 5

General Fund

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

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	360,000	360,000	381,546	21,546
Unrestricted intergovernmental	101,500	101,500	110,050	8,550
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	1,200	1,200
Sales and services	500	500	-	(500)
Investment earnings	30,000	30,000	56,690	26,690
Other revenues	1,000	1,000	1,988	988
Total revenues	493,000	493,000	551,474	58,474
Expenditures:				
General government	209,200	236,490	178,627	57,863
Streets and highways	8,900	8,900	841	8,059
Public safety	10,300	10,300	9,888	412
Environmental protection	1,000	1,300	-	1,300
Cultural and recreation	35,750	40,700	24,948	15,752
Contingency	-	-	-	-
Total expenditures	265,150	297,690	214,304	83,386
Revenues over (under) expenditures	227,850	195,310	337,170	141,860
Other financing sources (uses):				
Transfer to capital project	-	(125,000)	(125,000)	-
Appropriated fund balance	-	125,000	-	(125,000)
Reserved fund balance	(227,850)	(195,310)	-	195,310
Total other financing sources (uses)	(227,850)	(195,310)	(125,000)	70,310
Net change in fund balance	\$ -	\$ -	212,170	\$ 212,170
Fund balances:				
Beginning of year - July 1			3,676,224	
End of year - June 30			<u>\$ 3,888,394</u>	

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

**Town of Swebsonville
Statement of Net Position
Proprietary Fund
June 30, 2020**

Exhibit 6

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,510,979
Accounts receivable (net)	148,192
Accrued interest receivable	124
Due to other funds	(1,925)
Prepaid insurance	-
Restricted cash and cash equivalents	93,591
Total current assets	<u>2,750,961</u>
Noncurrent assets:	
Capital assets:	
Land and Construction in Progress	193,158
Other capital assets, net of depreciation	1,779,936
Capital assets (net)	<u>1,973,094</u>
Total noncurrent assets	<u>1,973,094</u>
Total assets	<u><u>\$ 4,724,055</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	102,384
Customer deposits	26,100
Total current liabilities	<u>128,484</u>
NET POSITION	
Net investment in capital assets	1,973,094
Restricted for Capital Reserve Fund	37,863
Unrestricted	<u>2,584,614</u>
Total net position	<u>4,595,571</u>
Total Liabilities and net position	<u><u>\$ 4,724,055</u></u>

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

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

Exhibit 7

	<u>Water/Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,112,164
Water and sewer taps	58,363
Other operating revenue	21,863
Total operating revenues	<u>1,192,390</u>
OPERATING EXPENSES	
Administration	40,605
Finance	50,505
Water distribution and maintenance	346,344
Stormwater management	1,250
Waste collection and treatment	513,755
Depreciation	109,142
Total operating expenses	<u>1,061,601</u>
Operating income (loss)	<u>130,789</u>
NONOPERATING REVENUES (EXPENSES)	
Interest on investments	37,110
Miscellaneous income	3,892
Total nonoperating revenue (expenses)	<u>41,002</u>
Income before transfers	171,791
Transfer to / from other funds	<u>125,000</u>
Change in net position	296,791
Total net position - beginning	<u>4,298,780</u>
Total net position - ending	<u><u>\$ 4,595,571</u></u>

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

Town of Swepsonville
Statement of Cash Flows
Proprietary Fund Type - Enterprise Fund
For the Year Ended June 30, 2020

Exhibit 8

	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,152,436
Cash paid for goods and services	(867,246)
Cash paid to or on behalf of employees for services	(38,013)
Other cash revenues	21,863
Customer deposits received	8,792
Customer deposits refunded	(1,602)
Net cash provided (used) by operating activities	<u>276,230</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(181,133)
Nonoperating revenues	128,917
Net cash provided (used) by capital and related financing activities	<u>(52,216)</u>
Cash flows from investing activities	
Investment earnings	37,110
Net cash provided (used) by investing activities	<u>37,110</u>
Net increase (decrease) in cash and cash equivalents	<u>261,124</u>
Balances-beginning of the year	2,343,446
Balances-end of the year	<u>\$ 2,604,570</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 130,789
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	109,142
Provision for uncollectible accounts	6,097
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(24,098)
Increase (decrease) in accounts payable	44,384
Increase (decrease) in accrued expenses	2,816
Increase (decrease) in customer deposits	7,100
Total adjustments	<u>145,441</u>
Net cash provided (used) by operating activities	<u>\$ 276,230</u>

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

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town of Swepsonville was incorporated on November 4, 1997. It is located in the southeastern part of Alamance County, North Carolina. It encompasses most of the area formerly known as the Swepsonville Sanitary District.

The governing body of the Town is the Town Council which has five (5) members. The Town Council is elected on a nonpartisan basis with results determined on a plurality basis. The Mayor is chosen by the Town Council.

Generally accepted accounting principles require that these financial statements present the primary government (i.e. the Town) and any component units. Component units are defined as legally separate organizations for which the elected officials of the Town are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete.

The Town of Swepsonville has no component units as defined above.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units, if any. 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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

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

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are the local option sales tax and the utility franchise and excise tax. The primary expenditures are for general government and recreation services.

The Town has no non-major governmental funds.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations. One Water and Sewer Capital Reserve Fund and one Capital Project Fund have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Reserve Fund and the Capital Project Fund have been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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. Revenues 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

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

producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water 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.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Swepsonville because the tax is levied by Alamance 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 may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, if and 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. Project ordinances, if applicable, are adopted for the Capital Project Fund and the Enterprise Fund Capital Projects Fund. These appropriations continue until the project is completed. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the Town Council. During the year, several amendments were made to the budget. The budget ordinance must be adopted by July 1 of the fiscal year or the Town Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

Deposits and Investments

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

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

The Town's investments in governmental bonds are reported at original cost net of accumulated amortization of premiums and discounts.

The Town does not have a formal investment or credit risk policy.

Cash and Cash Equivalents

The Town pools some of its money from the General Fund and Water and Sewer Fund in order to facilitate disbursement and investment and to maximize investment income. All cash and investments are essentially demand deposits and are considered cash and cash equivalents. For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with maturity of twelve months or less when purchased to be cash equivalents.

Restricted Assets

Any funds legally restricted to a specific use are classified as restricted assets. Customer deposits held by the Town before any services are applied and restricted to the service for which the deposit was collected. The Town of Swepsonville's restricted cash is equal to the water and sewer customer deposits in the amount of \$26,100 and funds that have been restricted for capital improvements in the amount of \$67,491, for a total restricted cash balance of \$93,591.

Ad Valorem Taxes Receivable

The Town has not exercised its authority to levy ad valorem taxes, therefore no ad valorem taxes are receivable at June 30, 2020.

Should the Town exercise its authority to levy ad valorem taxes in the future, that levy would normally take place on July 1, the beginning of the fiscal year, and would be based on the assessed values as of the preceding January 1. The ad valorem taxes would be due on September 1, however interest would not accrue until the following January 6.

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

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 and other relevant data.

Inventory and Prepaid Items

The Town's General Fund inventory consists of an immaterial amount of expendable supplies that are recorded as expenditures as purchased rather than when used.

The inventories of the Town's water and sewer fund consist of an immaterial amount of materials and supplies held for subsequent use. The cost of these inventories is expensed when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government – wide and fund financial statements and expensed as the items are used.

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 is currently \$200 for all types of assets. 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 acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	30
Furniture & equipment	5-10
Recreation facilities	5-40
Water & sewer lines and stations	40
Vehicles	3-5
Improvements	8-40

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. 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 does not have any deferred outflow or inflows of resources.

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. Any 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 any applicable bond premiums or discounts. Bond issuance costs, 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. Any premiums received on debt issuances are reported as other financing sources, while any discounts on debt issuances are reported as other financing uses. Any issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Town does not have any long – term debt.

Compensated Absences

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

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

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

Prepaid expenses – portion of fund balance that has been expended for the benefit of future periods.

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.

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Swepsonville's Town Council. Any changes or removal of specific purpose requires majority action by the Town Council.

Assigned Fund Balance – portion of fund balance that the Town of Swepsonville 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.

The Town of Swepsonville has not adopted a minimum fund balance policy for the general fund.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Detail Notes on All Funds

A. Assets

Deposits and Investments

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 agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict

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

standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020 the Town's deposits had a carrying amount of \$6,304,331, and a bank balance of \$6,304,027. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. In addition, the Recreation Department has a petty cash fund of \$125.

The following is a schedule of the Town's cash and investment balances at June 30, 2020:

Town of Swepsonville, North Carolina
Schedule of Cash and Investment Balances
June 30, 2020

	<u>Cost Value</u>	<u>Market Value</u>
Cash, Cash Equivalents, and Certificates of Deposit:		
On hand	\$ 125	\$ 125
In demand deposits	2,605,079	2,605,079
In time deposits:		
NOW, Super NOW, and money market accounts	-	-
Certificates of deposit	<u>3,699,252</u>	<u>3,699,252</u>
 Total cash and investments	 <u><u>\$ 6,304,456</u></u>	 <u><u>\$ 6,304,456</u></u>
 Distribution by Fund:		
General Fund	3,699,886	
Enterprise Fund - Water Fund	<u>2,604,570</u>	
	 <u><u>\$ 6,304,456</u></u>	

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

Description/Issuer	Par Value	Maturity Date	Interest Rate	Amortized Cost	Unrealized gain (loss)	Fair Value
Bond-Nash County Health Care System	\$ 50,000	11/1/2020	4.50%	\$ 50,110	\$ 54	\$ 50,164
Bond, Brunswick County, NC	<u>50,000</u>	4/1/2025	3.00%	<u>49,724</u>	<u>2,093</u>	<u>51,817</u>
	 <u><u>\$ 100,000</u></u>			 <u><u>\$ 99,834</u></u>	 <u><u>\$ 2,147</u></u>	 <u><u>\$ 101,981</u></u>

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

The bond valuation measurement method is amortized cost. All bonds are considered level 1 investments. Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The bonds are classified as Held to Maturity since it is the Town's intent and ability to hold the bonds until maturity. Accordingly, the bonds are shown in the financial statements at cost plus or minus any unamortized premium or discount. Premiums and discounts are amortized using the straight-line method over the lives of the bonds.

The town has approved that no more than \$500,000 be made available for investing in bonds. The bonds are to be purchased in varying amounts. Maturity dates are to be between six (6) and twelve (12) years.

Edward Jones shall serve as the investment advisor and Suntrust Bank shall serve as the custodian of the bonds.

Interest Rate Risk – The Town does not have a formal written investment rate policy that manages its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town does not have a formal written investment policy regarding credit risk; however, the Town has directed the Town's investment advisor and its Finance Director to limit investments to the provisions of G.S. 159-30 and to restrict investments to those with the highest possible ratings.

Custodial Credit Risk – The Town does not have a formal written policy regarding custodial credit risk, but the Town does utilize a third party custodial agent for book entry transactions. The custodian is Suntrust Bank which has a trust department authorized to do trust work in North Carolina and has an account with the Federal Reserve. Custodial credit risk is the risk that in the event of a failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The Town does not have a formal written policy regarding concentration of credit risk.

Receivables – Allowance for Doubtful Accounts

The receivable balances shown in the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

<u>General Fund</u>	<u>Amount</u>
Water and Sewer Fund	<u>\$20,673</u>

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

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 217,913	\$ -	\$ -	\$ 217,913
Total capital assets not being depreciated	217,913	-	-	217,913
Capital assets being depreciated:				
Buildings and improvements	145,255	-	-	145,255
Furniture, fixtures & equipment	21,995	3,945	-	25,940
Vehicles	33,439	36,321	14,129	55,631
Recreation equipment and improvements	87,095	500	-	87,595
Total capital assets being depreciated	287,784	40,766	14,129	314,421
Less accumulated depreciation for:				
Buildings and improvements	71,160	3,599	-	74,759
Furniture, fixtures & equipment	19,069	1,410	-	20,479
Vehicles	33,439	4,264	14,129	23,574
Recreation equipment and improvements	61,758	4,419	-	66,177
Total accumulated depreciation	185,426	\$ 13,692	\$ 14,129	184,989
Total capital assets being depreciated, net	102,358			129,432
Governmental activity capital assets, net	\$ 320,271			\$ 347,345
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 12,643	\$ -	\$ -	\$ 12,643
Construction in progress	-	180,515	-	180,515
Total capital assets not being depreciated	12,643	180,515	-	193,158
Capital assets being depreciated:				
Plant and distribution systems	3,316,742	363	-	3,317,105
Equipment and vehicles	114,789	255	-	115,044
Total capital assets being depreciated	3,431,531	618	-	3,432,149
Less accumulated depreciation for:				
Plant and distribution systems	1,494,535	106,217	-	1,600,752
Equipment and vehicles	48,536	2,925	-	51,461
Total accumulated depreciation	1,543,071	\$ 109,142	\$ -	1,652,213
Total capital assets being depreciated, net	1,888,460			1,779,936
Business-type activity capital assets, net	\$ 1,901,103			\$ 1,973,094

The Town has no active construction projects as of June 30, 2020.

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

The fixed assets acquired from the Swepsonville Sanitary District, the predecessor to the Town of Swepsonville's Water and Sewer Fund, are recorded at the District's original cost. Accumulated depreciation, through the date of transfer, has also been carried forward from the District.

B. Liabilities

1. Pension Plan and Postemployment Obligations

The Town has no pension plan or postemployment benefits and therefore has no pension plan or OPEB obligations.

2. Deferred Outflows and Inflows of Resources

The Town has no deferred outflows/inflows of resources at June 30, 2020.

3. Commitments

At June 30, 2020, the Town had no material contractual commitments other than for normal contracted services.

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 two 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 up to \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in the past three years.

The Town has adopted a flood damage prevention ordinance and flood prone areas within the jurisdiction of the Town have been identified. Flood insurance is available to the Town and its residents; however the Town has determined that coverage is not needed at this present 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 bonded for \$50,000.

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

5. Claims and Judgements

At June 30, 2020 there were no pending or threatened litigation, claims or assessments against the Town.

6. Long-Term Obligations

The Town has no material long-term lease obligations.

The Town does record a long term liability for accrued vacation, in the general fund in the amount of \$6,400 and in the water and sewer fund in the amount of \$4,266.

C. 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>\$3,888,394</u>
Less:	
Stabilization by State Statute	(93,300)
Appropriated Fund Balance in the 2021 budget	-
Prepaid Expenses	<u>(10,404)</u>
Working Capital/Fund Balance	<u>(3,784,690)</u>
Remaining Fund Balance	<u>\$ -0-</u>

D. Summary Disclosure of Significant Contingencies
Federal and State Assisted Programs

The Town has received proceeds from 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 moneys.

E. Related Party Transaction

Throughout the year and from time to time, a member of the Town Council receives compensation related to providing equipment for the Town's use. It is believed this compensation is not in excess of fair market value.

F. Significant Effects of Subsequent Events

In accordance with ASC 855, the Town evaluated subsequent events through January 19, 2021, the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements.

Town of Swepsonville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

Schedule 1

	2020		2019
	Budget	Actual	Variance Positive (Negative)
			Actual
<u>Revenues</u>			
Ad valorem taxes	\$ -	\$ -	\$ -
Other taxes and licenses:			
Local option sales tax	360,000	381,546	21,546
Unrestricted intergovernmental:			
Utility franchise tax/excise tax	95,000	103,745	8,745
Beer and wine tax	5,500	6,305	805
Sales Tax Refunds	1,000	-	(1,000)
Total	101,500	110,050	8,550
Restricted intergovernmental	-	-	-
Permits and fees	-	1,200	1,200
Sales and services:			
Recreation fees	500	-	(500)
Investment earnings	30,000	56,690	26,690
Other revenues:			
Miscellaneous	1,000	1,988	988
Total	1,000	1,988	988
Total revenues	493,000	551,474	58,474
<u>Expenditures</u>			
<u>General Government</u>			
Governing body:			
Contracted services- Board of Elections	2,700	2,665	35
Insurance and bonds	2,100	-	2,100
Travel and training	200	150	50
Street Lighting	500	700	(200)
Miscellaneous	200	119	81
Total	5,700	3,634	2,066

Town of Swepsonville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

Schedule 1
(continued)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Administration				
Professional services - legal	\$ 30,300	\$ 25,832	\$ 4,468	\$ 19,353
Professional services - accounting	2,800	1,390	1,410	3,054
Salaries and wages	28,700	28,975	(275)	52,260
Payroll taxes	3,000	2,883	117	4,309
Employee Benefits	720	218	502	2,029
Office supplies	1,500	1,422	78	1,864
Travel and Training	2,200	1,215	985	2,913
Telephone	2,200	1,657	543	1,838
Website services	1,900	1,611	289	1,328
Vehicle expense	1,000	248	752	3,405
Postage	4,300	4,292	8	3,619
Printing and copying	300	34	266	25
Maintenance and repairs-equipment	-	-	-	-
Legal advertising	700	641	59	433
Insurance and bonds	4,400	3,997	403	3,689
Dues and subscriptions	3,000	2,386	614	6,466
Miscellaneous	9,000	8,577	423	769
Bank Service Charge	20	20	-	-
Engineering services	20,800	20,669	131	7,217
Capital outlays	2,000	1,145	855	-
Retirement Expense	1,500	1,193	307	708
Group insurance	8,350	7,805	545	-
Capital outlay	31,500	31,321	179	-
Total	160,190	147,531	12,659	115,279
Finance:				
Professional services - audit	6,200	6,200	-	6,200
Professional services - accounting	9,600	8,539	1,061	12,685
Investment fees	800	113	687	160
Insurance and bonds	600	364	236	263
Miscellaneous	-	-	-	-
Total	17,200	15,216	1,984	19,308

General Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures (continued):				
General government (continued)				
Public buildings:				
Electricity	\$ 3,150	\$ 1,299	\$ 1,851	\$ 2,280
Fuel oil/gas	1,200	475	725	495
Departmental supplies	600	85	515	154
Utilities	150	64	86	-
Repairs and maintenance - buildings	3,000	555	2,445	1,224
Repairs and maintenance - grounds	7,200	2,298	4,902	3,542
Insurance and bonds	2,000	2,000	-	1,400
Beautification committee	300	-	300	-
Virginia Mills property clean-up	30,000	-	30,000	-
Miscellaneous	400	70	330	120
Capital Outlays	5,400	5,400	-	-
Total	53,400	12,246	41,154	9,215
Total General Government	236,490	178,627	57,863	145,679
Public Safety:				
Fire hydrant installation	300	-	300	-
Contracted services - animal control	10,000	9,888	112	26,472
Total Public Safety	10,300	9,888	412	26,472
Environmental Protection:				
Stormwater management	1,300	-	1,300	886
Total Environmental protection	1,300	-	1,300	886
Streets and Highways:				
Street lighting	2,400	841	1,559	1,749
Street signs	500	-	500	-
Street repairs and maintenance	6,000	-	6,000	-
Total Environmental protection	8,900	841	8,059	1,749
Cultural and Recreational:				
Salaries and wages	15,500	13,672	1,828	10,634
Payroll taxes	1,200	1,033	167	800
Casual labor/temporaries	300	-	300	25
Contract services	2,600	300	2,300	-
Ballfield lighting	1,500	866	634	935
Maintenance and repairs	4,800	686	4,114	751
Mowing and grading	6,500	3,354	3,146	5,325
Departmental supplies	1,200	337	863	1,351
Miscellaneous	2,100	935	1,165	44
Capital Outlay - Ball field	5,000	3,765	1,235	2,698
Total Cultural and Recreational	40,700	24,948	15,752	22,563

Town of Swepsonville, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

Schedule 1
(continued)

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Total Expenditures	\$ 297,690	\$ 214,304	\$ 83,386	\$ 197,349
Revenues Over (Under) Expenditures	<u>195,310</u>	<u>337,170</u>	<u>141,860</u>	<u>332,256</u>
Other Financing Sources (Uses)				
Transfer to capital project	(125,000)	(125,000)	-	-
Fund balance appropriated	125,000	-	(125,000)	-
Reserve for contingencies	(40,510)	-	40,510	-
Reserve for new town hall	(144,800)	-	144,800	-
Reserve for storm damage	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>(195,310)</u>	<u>(125,000)</u>	<u>70,310</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>212,170</u>	<u>\$ 212,170</u>	<u>332,256</u>
Fund balance - beginning		<u>3,676,224</u>		<u>3,343,968</u>
Fund balance - ending		<u>\$ 3,888,394</u>		<u>\$ 3,676,224</u>

Town of Swepsonville, North Carolina
Proprietary Fund Type - Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)

Schedule 2

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020		Variance	2019
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 620,000	\$ 600,287	\$ (19,713)	\$ 556,752
Sewer charges	500,000	510,977	10,977	462,395
Late payment charges	3,000	900	(2,100)	(105)
System development fee income	42,900	21,863	(21,037)	16,000
Access fees	-	58,363	58,363	6,000
Total operating revenues	<u>1,165,900</u>	<u>1,192,390</u>	<u>26,490</u>	<u>1,041,042</u>
Nonoperating revenues:				
Interest on investments	16,000	37,110	21,110	25,398
Sales tax refunds	1,000	-	(1,000)	-
Miscellaneous income	20,000	3,892	(16,108)	23,735
Total nonoperating revenues	<u>37,000</u>	<u>41,002</u>	<u>4,002</u>	<u>49,133</u>
Total revenues	<u>1,202,900</u>	<u>1,233,392</u>	<u>30,492</u>	<u>1,090,175</u>
Expenditures:				
Administration:				
Consultation - accounting	4,800	5,580	(780)	3,171
Salaries and wages	16,500	17,781	(1,281)	46,704
Payroll taxes	1,600	1,460	140	3,639
Group Insurance	-	218	(218)	1,529
401k match	2,220	2,344	(124)	-
Casual labor - contributed services	2,000	-	2,000	700
Postage	1,000	-	1,000	-
Office Supplies	1,000	611	389	834
Engineering services	6,000	4,390	1,610	2,244
Permits and licenses	3,600	2,671	929	1,001
Travel and training	2,500	-	2,500	160
Vehicle expense	3,600	1,111	2,489	1,816
Insurance and bonds	4,000	4,000	-	3,414
Dues and subscriptions	2,200	425	1,775	1,225
Miscellaneous	1,000	15	985	-
Total	<u>52,020</u>	<u>40,606</u>	<u>11,414</u>	<u>66,437</u>
Finance:				
Salaries and wages	23,000	23,048	(48)	20,582
Payroll taxes	2,300	1,880	420	1,667
Retirement expenses	-	-	-	1,294
Contracted services-meter reading	-	-	-	-
Audit	5,500	5,450	50	5,100
Office Supplies	1,350	976	374	741
Postage	3,300	2,758	542	2,101
Bookkeeping and accounting	5,050	4,645	405	4,600
Software subscription service	5,700	5,014	686	3,184

Town of Swepsonville, North Carolina
Proprietary Fund Type - Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)

Schedule 2
(continued)

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures (continued):				
Telephone	1,500	1,078	422	788
Travel and training	400	85	315	-
Bank service charges	600	423	177	334
Insurance and bonds	1,000	1,000	-	263
Miscellaneous	1,000	598	402	-
Group insurance	4,850	3,551	1,299	-
Total	55,550	50,506	5,044	40,654
Water distribution and maintenance				
Salaries and wages	22,660	21,483	1,177	15,704
Payroll taxes	1,700	1,611	89	1,177
Meter replacements	75	49	26	2,562
Water purchased for resale	375,000	306,944	68,056	260,539
Storm water management	-	1,250	(1,250)	-
Contracted services-water testing	3,600	1,505	2,095	143
Travel and training	1,000	85	915	-
Departmental supplies	6,500	1,849	4,651	3,876
Utilities	1,000	-	1,000	-
Repairs and maintenance	50,000	12,818	37,182	31,941
Total	461,535	347,594	113,941	315,942
Waste collection and treatment				
Salaries and wages	22,000	21,483	517	14,144
Payroll taxes	1,700	1,673	27	1,177
Life insurance	660	-	660	-
Electrical power	15,200	14,256	944	12,595
Telephone	1,400	-	1,400	-
Fuel Oil/Gas	2,000	566	1,434	575
Departmental supplies	-	(153)	153	675
Repairs and maintenance	129,000	47,801	81,199	67,214
Insurance and bonds	1,600	1,600	-	1,400
Miscellaneous	2,000	3	1,997	60
Bulk treatment	449,500	426,524	22,976	440,517
Total	625,060	513,753	111,307	538,357
Budgetary appropriations:				
Reserve for contingencies	3,600	-	3,600	-
Capital outlays	137,635	618	137,017	3,636
Total	141,235	618	140,617	3,636
Total Expenditures	1,335,400	953,077	382,323	965,026

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

Schedule 2
(continued)

	<u>2020</u>		<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Revenues over (under) expenditures	<u>\$ (132,500)</u>	<u>\$ 280,315</u>	<u>\$ 412,815</u>
Other financing sources (uses):			
Appropriated fund balance	250,400	-	(250,400)
Transfer to capital project fund	(75,000)	(84,462)	(9,462)
Transfer to capital reserve fund	(42,900)	(21,863)	21,037
	<u>132,500</u>	<u>(106,325)</u>	<u>(238,825)</u>
Revenue and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 173,990</u>	<u>\$ 173,990</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenues and other sources over expenditures and other uses		\$ 173,990	\$ 109,149
Reconciling items:			
Capital outlay		618	3,636
Depreciation and amortization		(109,142)	(109,065)
Transfer to capital project fund		84,462	
Transfer to capital reserve fund		21,863	16,000
Transfer from general fund		125,000	
Decrease (increase) in accrued vacation payable		-	298
Total reconciling items		<u>122,801</u>	<u>(89,131)</u>
Change in net position		<u>\$ 296,791</u>	<u>\$ 20,018</u>

Town of Swepsonville, North Carolina
Capital Reserve Fund - System Development Fees
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

Schedule 3

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures				
Capital outlay improvements	\$ -	\$ -	\$ -	\$ -
Capital outlay equipment	-	-	-	-
Total Expenditures	-	-	-	-
Revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfer to Water and Sewer Fund	-	-	-	-
Transfer from Water and Sewer Fund	-	21,863	21,863	16,000
Revenues and other sources over (under) expenditures	<u>\$ -</u>	21,863	<u>\$ 21,863</u>	16,000
Fund balance, beginning		16,000		-
Fund balance, ending		<u>\$ 37,863</u>		<u>\$ 16,000</u>

Town of Swepsonville, North Carolina
Capital Project Fund - Sewer Capacity Projects
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2019)

Schedule 4

	2020		2019	
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures				
Project 1 - Point Repairs to Sewer Collection System				
Engineering services	\$ 20,000	\$ 19,436	\$ 564	\$ -
Construction expenses	120,000	30,805	89,195	-
Contingency expenses	10,000	-	10,000	-
	<u>150,000</u>	<u>50,241</u>	<u>99,759</u>	<u>-</u>
Project 2 - Virginia Mills Pump Station				
Engineering services	187,500	95,783	91,717	-
Construction expenses	1,162,500	6,990	1,155,510	-
Contingency expenses	150,000	-	150,000	-
	<u>1,500,000</u>	<u>102,773</u>	<u>1,397,227</u>	<u>-</u>
Project 3 - Pipe and Manhole Rehabilitation to Virginia Mills and Hillside Sewer Outfalls				
Engineering services	187,500	25,001	162,499	-
Construction expenses	1,162,500	2,500	1,160,000	-
Contingency expenses	150,000	-	150,000	-
	<u>1,500,000</u>	<u>27,501</u>	<u>1,472,499</u>	<u>-</u>
Total Expenditures	<u>3,150,000</u>	<u>180,515</u>	<u>2,969,485</u>	<u>-</u>
Other financing sources (uses)				
Transfer from General Fund	1,000,000	125,000	(875,000)	-
Transfer from Water and Sewer Fund	150,000	84,462	(65,538)	-
General Fund loan	500,000	-	(500,000)	-
Debt proceeds	1,500,000	-	(1,500,000)	-
Total other financing sources (uses)	<u>3,150,000</u>	<u>209,462</u>	<u>(2,940,538)</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>28,947</u>	<u>\$ 28,947</u>	<u>-</u>
Fund balance, beginning		<u>-</u>		<u>-</u>
Fund balance, ending		<u>\$ 28,947</u>		<u>\$ -</u>