

TOWN OF BOLIVIA, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

June 30, 2021

Town Council Members  
Ella Jane Marston, Mayor  
Dewey Smith, Mayor Pro-tem  
Nancy Cook  
Kaitlyn Jackson  
Melissa Walters

Administrative and Financial Staff  
Ella Jane Marston, Finance Officer  
Mary Etta Hewitt, Town Clerk

TOWN OF BOLIVIA, NORTH CAROLINA  
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June 30, 2021

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## FINANCIAL SECTION

## Independent Auditors' Report

To the Honorable Mayor and Members of the  
Board of Commissioners  
Town of Bolivia  
Bolivia, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Bolivia, North Carolina, as of and for the year ended June 30, 2021, 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, each major fund, and the aggregate remaining fund information of the Town of Bolivia, North Carolina as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary

comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

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

  
Certified Public Accountants

Southport, North Carolina  
January 20, 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

The Town of Bolivia offers this narrative overview and analysis of the financial activities of Bolivia for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements.

### Financial Highlights

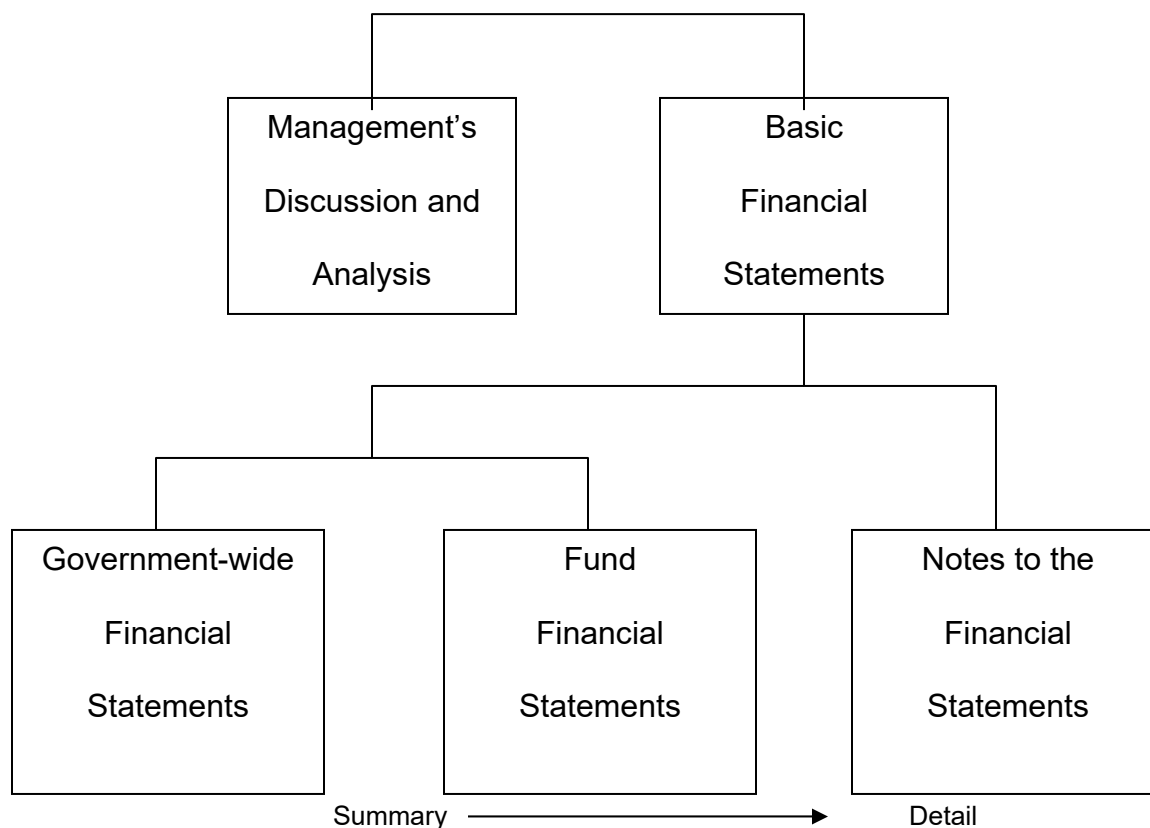
- The assets of the Town of Bolivia exceeded liabilities by \$959,534 as of June 30, 2021.
- The Town's Net Position increased by \$24,902 for the fiscal year ended June 30, 2021.
- At June 30, 2021, the governmental funds of the Town of Bolivia reported a combined fund balance of \$720,525, a \$28,108 increase from last year.
- At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$688,593, while total fund balance reached \$720,525.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Bolivia'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 Bolivia.

### Required Components of Annual Financial Report

Figure 1



## **Basic Financial Statement**

The first two statements (Exhibits 1 and 2) in the basic financial statement 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 5) 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 two parts to the Fund Financial Statements: the governmental funds statements and the budgetary comparison statements.

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

## **Government-wide Financial Statement**

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 both the short and long-term information about the Town's financial status as a whole.

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

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

## **Fund Financial Statements**

The fund financial statements 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 Bolivia, 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. The Town of Bolivia only has one type of fund, a governmental fund.

## **Governmental Fund**

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town of Bolivia's services are accounted for in the governmental fund. This fund focuses 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 Bolivia 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 Council about which services to provide and how to pay for them. It 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 Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; 4) the difference or variance between the final budget and the actual resources and charges.

## 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 presented in Exhibit 6 of this report.

## Interdependence with Other Entities

The Town 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. It is also subject to changes in investment earnings and asset values associated with U. S. Treasury Securities because of actions by foreign governments and other holders of publicly held U. S. Treasury Securities.

## Government-Wide Financial Analysis

The government-wide statements contain only governmental activities (the only activity of the Town).

The Town of Bolivia's Net Position  
Figure 2

	Governmental Activities	
	2021	2020
Current and other assets	721,674	694,814
Capital assets	238,306	241,609
Total assets	<u>959,980</u>	<u>936,423</u>
Current liabilities	446	1,791
Total liabilities	<u>446</u>	<u>1,791</u>
Net Position		
Investment in capital assets	238,306	241,609
Restricted	31,932	30,364
Unrestricted	<u>689,296</u>	<u>662,659</u>
Total Net Position	<u><u>959,534</u></u>	<u><u>934,632</u></u>

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 Bolivia exceeded liabilities by \$959,534 as of June 30, 2021. The Town's net position increased by \$24,902 for the fiscal year ended June 30, 2021. With the purchase of the new town hall, a large portion of net position reflects the Town's investment in capital assets. The Town does not have debt. A small portion of the Town of Bolivia's net position represents Powell Bill resources that are subject to external restriction on how they may be used.

Changes in Net Position  
Figure 3

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Operating grants and contributions	6,030	62,122
General revenues:		
Property taxes	7,107	6,833
Other taxes	73,768	62,654
Unrestricted investment earnings	100	7,398
Miscellaneous revenues	1,859	2,054
Total Revenues	<u>88,864</u>	<u>141,061</u>
Expenses		
General government	57,701	45,943
Highways / streets	<u>6,260</u>	<u>6,640</u>
Total expenses	<u>63,961</u>	<u>52,583</u>
Increase (decrease) in Net Position	24,903	88,478
Net position, July 1	<u>934,632</u>	<u>784,846</u>
Net position, June 30	<u>959,535</u>	<u>873,324</u>

### Financial Analysis of the Town's Funds

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

### Governmental Funds

The focus of the Town of Bolivia'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 Bolivia's financing requirements. Specifically, unrestricted 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 only operating fund of the Town of Bolivia. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$688,593 while total fund balance reached \$720,525. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 1135.21 percent of total General Fund expenditures.

### Capital Asset Administration

The Town's investment in capital assets for its governmental type activities for the year ended June 30, 2021, totals \$238,306 (net of depreciation). These assets include land and buildings.

Town of Bolivia's Capital Assets  
(Net of depreciation)  
Figure 4

	Governmental Activities	
	2021	2020
Land	35,407	-
Buildings	206,202	-
Total	<u>241,609</u>	<u>-</u>

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

There have been no changes to the Town size or activities. Town Council expects little or no changes in the economy in the next year.

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

The Town Council plans to continue to set the property taxes at a minimum and to monitor expenditures to maintain the current financial position of the Town.

### **Request for Information**

Questions concerning any information found in this report or request for additional information should be directed to the Finance Officer, Town of Bolivia, P.O. Box 93, Bolivia, NC 28422 or send an email to [townhall.boliva@atmc.net](mailto:townhall.boliva@atmc.net) for more information.

## BASIC FINANCIAL STATEMENTS

**TOWN OF BOLIVIA, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

EXHIBIT 1

	<b>Governmental</b>	
	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	689,039	689,039
Taxes receivable (net)	564	564
Accrued interest receivable on taxes	139	139
Due from other governmental agencies	14,936	14,936
Restricted cash and cash equivalents	<u>16,996</u>	<u>16,996</u>
Total current assets	<u>721,674</u>	<u>721,674</u>
Non-current assets:		
Capital Assets:		
Land, non-depreciable	35,407	35,407
Buildings and other depreciable assets, net of depreciation	<u>202,899</u>	<u>202,899</u>
Total capital assets	<u>238,306</u>	<u>238,306</u>
Total assets	<u>959,980</u>	<u>959,980</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	<u>446</u>	<u>446</u>
Total liabilities	<u>446</u>	<u>446</u>
<b>NET POSITION</b>		
Investment in capital assets	238,306	238,306
Restricted for:		
Stabilization by State Statute	14,936	14,936
Streets-Powell Bill	16,996	16,996
Unrestricted	<u>689,296</u>	<u>689,296</u>
Total Net Position	<u><u>959,534</u></u>	<u><u>959,534</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF BOLIVIA, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

EXHIBIT 2

				Net (Expense) Revenue and Changes in Net Position	
		Program Revenue	Primary Government		
Functions/Programs	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government					
Governmental activities					
General Government	57,701	-	-	(57,701)	(57,701)
Transportation	6,260	6,030	-	(230)	(230)
Total governmental activities	63,961	6,030	-	(57,931)	(57,931)
Total primary government	63,961	6,030	-	(57,931)	(57,931)
General revenues:					
Taxes:					
Property taxes, levied for general purposes				7,106	7,106
Other taxes				73,768	73,768
Unrestricted investment earnings				100	100
Miscellaneous				1,859	1,859
Total general revenues, special items, and transfers				82,833	82,833
Change in Net Position				24,902	24,902
Net Position, beginning				934,632	934,632
Net Position - ending				959,534	959,534

The accompanying notes are an integral part of the financial statements.

**TOWN OF BOLIVIA, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2021

EXHIBIT 3

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	689,039	689,039
Restricted cash	16,996	16,996
Taxes receivable, net	564	564
Receivable from other governments	14,936	14,936
Total assets	<u>721,535</u>	<u>721,535</u>
 <b>LIABILITIES</b>		
Accounts payable	<u>446</u>	<u>446</u>
Total liabilities	<u>446</u>	<u>446</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	<u>564</u>	<u>564</u>
 <b>FUND BALANCE</b>		
Restricted		
Stabilization by State Statute	14,936	14,936
Streets - Powell Bill	16,996	16,996
Assigned		
Subsequent year's expenditure	-	-
Unrestricted	<u>688,593</u>	<u>688,593</u>
Total fund balance	<u>720,525</u>	<u>720,525</u>
Total liabilities, deferred inflows of resources and fund balance	<u>721,535</u>	<u>721,535</u>
<hr/>		
Total fund balance, governmental funds		720,525
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		238,306
Other long-term assets (accrued interest receivable from taxes) are not available to pay current period expenditures and therefore are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		139
Earned revenues (property taxes receivable) considered deferred inflows of resources in fund statements.		<u>564</u>
Net Position of Governmental Activities		<u>959,534</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF BOLIVIA, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

EXHIBIT 4

	<u>Major Funds</u>	<u>Total Governmental</u>
	<u>General</u>	<u>Funds</u>
<b>REVENUES</b>		
Property taxes	7,009	7,009
Unrestricted intergovernmental revenues	73,768	73,768
Restricted intergovernmental revenues	6,030	6,030
Investment earnings	100	100
Miscellaneous	1,859	1,859
Total revenues	<u>88,766</u>	<u>88,766</u>
<b>EXPENDITURES</b>		
Current:		
General government	54,398	54,398
Transportation	6,260	6,260
Total expenditures	<u>60,658</u>	<u>60,658</u>
Excess (deficiency) of revenues over expenditures	<u>28,108</u>	<u>28,108</u>
Net change in fund balance	28,108	28,108
Fund balance, beginning	<u>692,417</u>	<u>692,417</u>
Fund balance, ending	<u><u>720,525</u></u>	<u><u>720,525</u></u>

**Amounts reported for Governmental Activities in the Statement of Activities are different because:**

Net change in fund balance - total governmental funds: 28,108

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	2,018	
Depreciation expense for governmental assets	<u>(5,321)</u>	(3,303)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues		<u>97</u>
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Change in Net Position of governmental activities		<u><u>24,902</u></u>
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**TOWN OF BOLIVIA, NORTH CAROLINA**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2021**

EXHIBIT 5

	Budgeted Amounts		Actual	variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Ad valorem taxes	6,700	6,700	7,009	309
Unrestricted intergovernmental revenues	70,350	70,350	73,768	3,418
Restricted intergovernmental revenues	6,000	6,000	6,030	30
Investment earnings	100	100	100	-
Miscellaneous	-	-	1,859	1,859
<b>Total revenues</b>	<u>83,150</u>	<u>83,150</u>	<u>88,766</u>	<u>5,616</u>
<b>EXPENDITURES</b>				
Current:				
General government	46,067	46,067	54,398	(8,331)
Transportation	37,083	37,083	6,260	30,823
<b>Total Expenditures</b>	<u>83,150</u>	<u>83,150</u>	<u>60,658</u>	<u>22,492</u>
Excess (deficiency) of revenues over expenditures	-	-	28,108	28,108
Fund balance appropriated	-	-	-	-
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>28,108</u>	<u>(28,108)</u>
Fund balance, beginning			692,417	
Fund balance, ending			<u>720,525</u>	

The accompanying notes are an integral part of the financial statements.

TOWN OF BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

EXHIBIT 6  
Page 1 of 7

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Bolivia 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 Bolivia is a municipal corporation that is governed by an elected mayor and a five-member council.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. The Town only has one fund category, a governmental fund.

The Town reports the following major governmental funds:

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 administration and street maintenance.

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 Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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.

TOWN OF BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

EXHIBIT 6  
Page 2 of 7

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

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

Sales taxes and certain intergovernmental revenues, 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 shared revenue for the Town of Bolivia because the tax is levied by Brunswick 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.

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. 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 and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

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

TOWN OF BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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2. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. At June 30, 2021 the Town had \$16,996 in Powell Bill funds on hand which is recorded as restricted cash.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 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, 2020.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: (1) furniture and equipment is \$2,000. (2) Land and buildings is \$10,000. The town acquired land and building in the amount of \$242,193 during the current year. All purchased assets are recorded at cost. 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 and system	40
Infrastructure	50
Equipment and furniture	10
Computer equipment	3

7. 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 has only one item that meets the criterion for this category – property taxes receivable.

TOWN OF BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of the 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 preceding the budget.* Per GASB guidance, RSS is considered a resource upon which restriction is "imposed by law through constitutional provisions or enabling or enabling legislation. "RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

**Assigned fund balance** – portion of fund balance that Town of Bolivia intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the finance officer to modify the appropriations by resource or appropriation within funds up to \$1,000.

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

TOWN OF BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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

## II. DETAIL NOTES ON ALL FUNDS

### A. Assets

#### 1. Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$183,255 and a bank balance of \$183,613. Of the bank balance, \$183,613. was covered by federal depository insurance.

At June 30, 2021, the Town of Bolivia had \$522,780 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

TOWN OF BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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**B. Capital Assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	35,407	-	-	35,407
<b>Capital assets being depreciated:</b>				
Building	206,786	-	-	206,786
Furniture and equipment	-	2,018	-	2,018
Total depreciable	206,786	2,018	-	208,804
<b>Less accumulated depreciation for:</b>				
Building	584	5,170	-	5,754
Furniture and equipment	-	151	-	151
Total accumulated depreciation	584	5,321	-	5,905
Total capital assets being depreciated, net	206,202	(3,303)	-	202,899
Governmental activity capital assets, net	<u>241,609</u>			<u>238,306</u>

Depreciation expense was charged to functions or programs as follows:

Government	5,321
Total depreciation expense	<u>5,321</u>

**B. Liabilities**

**1. Deferred Outflows and Inflows of Resources**

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

Unavailable Revenue

Taxes receivable (General Fund)	\$ <u>564</u>
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**2. 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 a self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, and property coverage up to the total insurance values of the property policy. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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 BOLIVIA, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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Town property is not in a designated flood area. The town does not carry flood insurance.

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 and tax collector is bonded for \$10,000.

3. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town was not a defendant in any lawsuit. The Town management knew of no pending legal actions that would have a material adverse effect on the Town's financial position.

D. Fund Balance

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

Total fund balance-General Fund	\$ 720,525
Less:	
Stabilization by State Statute	14,936
Streets-Powell Bill	16,996
Remaining Fund Balance	\$ 688,593

The Town had no outstanding encumbrances at June 30, 2021.

III. Jointly Governed Organization

The Town, in conjunction with four counties and thirty-four other municipalities established the Cape Fear 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 \$329 to the Council for the fiscal year ended June 30, 2021.

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from Federal and State grants. Due to the amount of the grants, a specific audit is not required but is subjected as a part of the audit of the financial statements. Should any adjustments be required, 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.

V. Subsequent Events

Events occurring after June 30, 2021 were evaluated by management on to ensure that any subsequent events that met the criteria for recognition and/or disclosure to these financial statements have been included. In the opinion of management there are no significant subsequent events requiring disclosure.



## General Fund

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The General 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.

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**TOWN OF BOLIVIA, NORTH CAROLINA  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
June 30, 2021 and 2020**

EXHIBIT A-1

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	689,039	663,844
Restricted cash	16,996	16,966
Receivables:		
Taxes	564	459
Other governments	<u>14,936</u>	<u>13,398</u>
<b>TOTAL ASSETS</b>	<u>721,535</u>	<u>694,667</u>
<b>LIABILITIES</b>		
Accounts payable	<u>446</u>	<u>1,791</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	<u>564</u>	<u>459</u>
<b>FUND BALANCES</b>		
Restricted		
Stabilization by State Statute	14,936	13,398
Streets - Powell Bill	16,996	16,966
Unrestricted	<u>688,593</u>	<u>662,053</u>
Total fund balances	<u>720,525</u>	<u>692,417</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>721,535</u>	<u>694,667</u>

**TOWN OF BOLIVIA, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2021  
With Comparative Actual Amounts for Year Ended June 30, 2020**

EXHIBIT A-2  
Page 1 of 3

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
<b>REVENUES</b>				
Ad valorem taxes				
Ad valorem taxes	6,200	6,065		7,280
Motor vehicle tax	500	879		665
Penalties and interest	-	65	-	231
<b>Total</b>	<u>6,700</u>	<u>7,009</u>	<u>309</u>	<u>8,176</u>
<b>Unrestricted intergovernmental revenues:</b>				
Local option sales tax	56,000	58,720		47,701
Electricity sales tax	9,800	10,071		10,069
Telecommunications sales tax	3,300	3,657		3,623
Video sales tax	490	513		494
Piped natural gas sales tax	60	84		66
Beer and wine tax	700	723	-	701
<b>Total</b>	<u>70,350</u>	<u>73,768</u>	<u>3,418</u>	<u>62,654</u>
<b>Restricted intergovernmental revenues:</b>				
FEMA reimbursement	-	-		55,848
"State Street Aid" allocation	6,000	6,028	-	6,272
<b>Total</b>	<u>6,000</u>	<u>6,028</u>	<u>28</u>	<u>62,120</u>
<b>Investment earnings:</b>				
Investment earnings	100	102	-	7,400
<b>Total</b>	<u>100</u>	<u>102</u>	<u>2</u>	<u>7,400</u>
<b>Miscellaneous</b>				
Other income	-	1,859	-	2,054
<b>Total miscellaneous</b>	<u>-</u>	<u>1,859</u>	<u>1,859</u>	<u>2,054</u>
<b>Total revenues</b>	<u>83,150</u>	<u>88,766</u>	<u>5,616</u>	<u>142,404</u>
<b>EXPENDITURES</b>				
<b>General government</b>				
Governing body				
Legal and auditing		6,000	-	6,000
Volunteer Fire Department contributor	-	7,484	-	7,684
<b>Total</b>	<u>13,870</u>	<u>13,484</u>	<u>386</u>	<u>13,684</u>

**TOWN OF BOLIVIA, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2021  
With Comparative Actual Amounts for Year Ended June 30, 2020**

EXHIBIT A-2  
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	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Administration</b>			<u>Actual</u>
Salary		3,985	3,861
Payroll taxes		305	295
Advertising		389	404
Bank fees		-	70
Contracted services		-	909
Dues and subscriptions		830	1,152
Fire fees		37	37
Insurance		3,287	2,894
Office supplies		1,318	1,131
Postage		76	284
Repairs and maintenance - Equipmen		2,408	141
Tax collection fees		45	56
Telephone		2,091	1,945
Training		130	300
Utilities - Street Lights		9,453	9,424
Website and social media		150	750
Hurricane expenses		3,889	-
Miscellaneous expense	-	965	-
<b>Total</b>	<u>24,752</u>	<u>29,358</u>	<u>(4,606)</u>
<b>Public building</b>			
Repairs and maintenance - Buildings & ground:		7,536	1,879
Rental of Building		-	5,173
Security		419	654
Utilities		1,583	316
Capital outlay	-	2,018	242,193
<b>Total</b>	<u>7,445</u>	<u>11,556</u>	<u>(4,111)</u>
<b>Total general government</b>	<u>46,067</u>	<u>54,398</u>	<u>(8,331)</u>
<b>Transportation</b>			
Street repair & construction			
Repairs and maintenance	-	6,260	-
<b>Total transportation</b>	<u>37,083</u>	<u>6,260</u>	<u>30,823</u>
<b>Contingency</b>	-	-	-
<b>Total expenditures</b>	<u>83,150</u>	<u>60,658</u>	<u>22,492</u>
<b>Revenue over (under) expenditures</b>	<u>-</u>	<u>28,108</u>	<u>28,108</u>

TOWN OF BOLIVIA, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2021  
With Comparative Actual Amounts for Year Ended June 30, 2020

EXHIBIT A-2  
Page 3 of 3

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Other financing sources (uses)				
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>28,108</u>	<u>28,108</u>	<u>(151,788)</u>
Fund Balance				
Beginning of year		<u>692,417</u>		<u>844,205</u>
End of year		<u>720,525</u>		<u>692,417</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 BOLIVIA, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
June 30, 2021

**EXHIBIT B-1**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020 - 2021		7,076	6,840	236
2019 - 2020	144		20	124
2018 - 2019	43		15	28
2017 - 2018	56		18	38
2016 - 2017	51		19	32
2015 - 2016	34		19	15
2014 - 2015	35		13	22
2013 - 2014	23			23
2012 - 2013	23			23
2011 - 2012	23			23
2010 - 2011	<u>27</u>	<u>-</u>	<u>27</u>	<u>-</u>
	<u>459</u>	<u>7,076</u>	<u>6,971</u>	<u>564</u>

**Reconciliation with revenues:**

Ad valorem taxes - General Fund	7,009
Reconciling items:	
Interest collected	(65)
Adjustments and amounts written off	<u>27</u>
Subtotal	<u>(38)</u>
Total collections and credits	<u>6,971</u>

**TOWN OF BOLIVIA, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
For the Fiscal Year Ended June 30, 2021**

**EXHIBIT B-2**

				<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	12,382,690	.05	6,191	6,191	
Motor vehicles taxed at current year's rate	1,758,000	.05	879	-	879
Penalties and Interest	-		6	6	-
Total property valuation	<u>14,140,690</u>				
Net levy			7,076	6,197	879
Uncollected taxes at June 30, 2021			<u>236</u>	<u>236</u>	-
Current year's taxes collected			<u>6,840</u>	<u>5,961</u>	<u>879</u>
Current levy collection percentage			<u>96.66%</u>	<u>96.19%</u>	<u>100.00%</u>