



Darrell L. Keller, CPA, PA

REVIEWED

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TOWN OF BOSTIC, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

(704) 739-0771

TOWN OF BOSTIC, NORTH CAROLINA

Financial Statements

(With Supplementary Information)

June 30, 2021

Town Officials

Mayor

Mitch Harrill

Town Council

Keith Dobbins (Mayor Pro Tem)

Wesley Flynn

Mike Hollifield

Billy Lattimore

Shane Upton

Town Clerk/Finance Officer

Cindy Moore

TOWN OF BOSTIC, NORTH CAROLINA

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June 30, 2021

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FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each fund the Town of Bostic (the "Town"), 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, the business-type activities, and each fund of the Town of Bostic, North Carolina as of June 30, 2021 and the respective changes in financial position and cash

flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the Fire District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

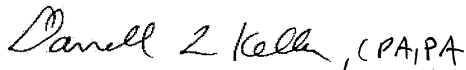
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 43 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 Bostic, 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 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, 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.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
November 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

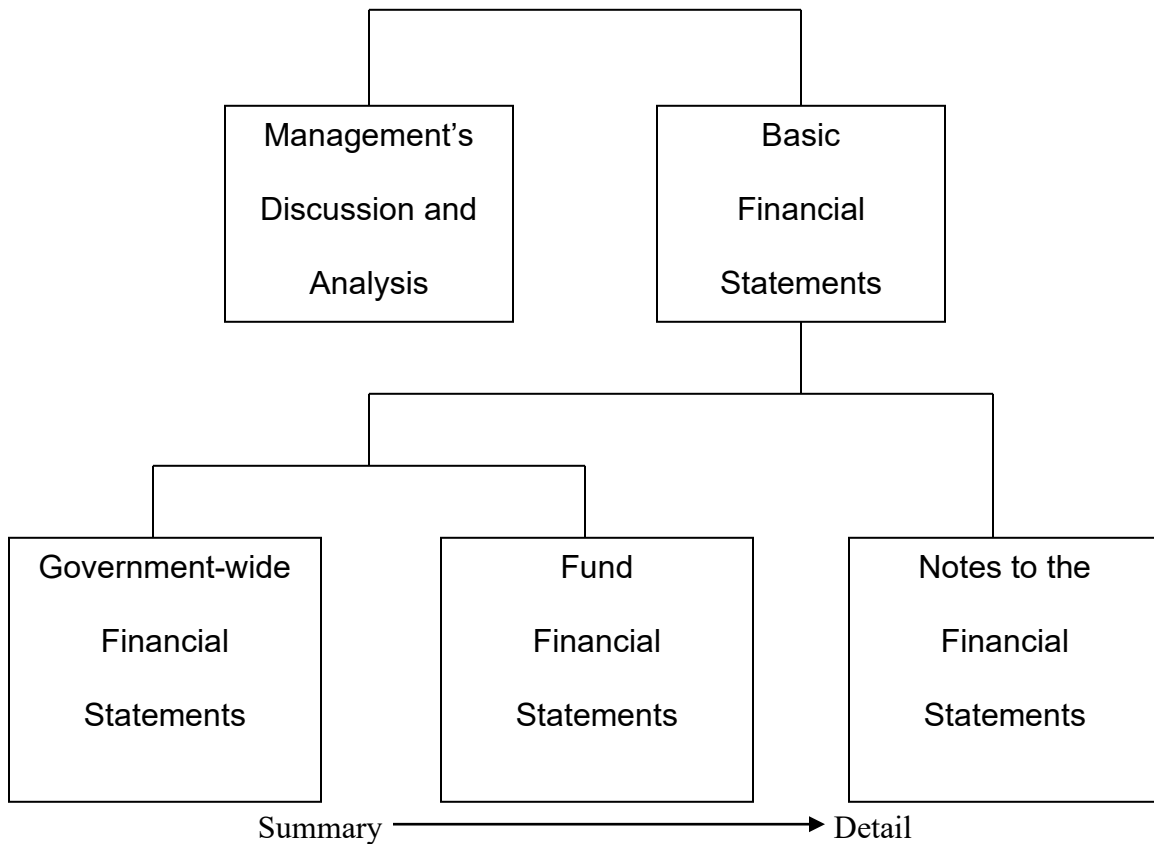
- The assets and deferred outflows of resources of the Town of Bostic exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,285,513 (*net position*).
- The government's total net position increased by \$398,016; 8.14% due to operation of its utilities.
- As of the close of the current fiscal year, the Town of Bostic's governmental funds reported combined ending fund balances of \$598,682 with a net decrease of \$35,652 in fund balance. Approximately 66.2% of this total amount, or \$396,466, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$201,603 or 68.9% of total general fund expenditures for the fiscal year.
- The Town of Bostic's total debt decreased by \$106,656 (37.83%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 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, **supplementary information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between 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 Bostic adopts an annual budget for its General Fund and Special Revenue Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified

sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether 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 Special Revenue Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Bostic has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Bostic uses enterprise funds to account for its water activity and for its electric 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. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of Town of Bostic. The Town does not utilize an Internal Service Fund

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Bostic's proportionate share of pension liability for its firefighters. Required supplementary information can be found on page 42 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

Government-Wide Financial Analysis

Town of Bostic's Net Position

Figure 2

		Governmental Activities		Business-Type Activities		Total	
		2021	2020	2021	2020	2021	2020
Current and other assets		\$ 609,522	\$ 644,794	\$ 2,507,286	\$ 2,282,878	\$ 3,116,808	\$ 2,927,672
Capital Assets		1,310,562	1,174,242	1,077,499	1,129,066	2,388,061	2,303,308
	Total Assets	1,920,084	1,819,036	3,584,785	3,411,944	5,504,869	5,230,980
Long Term Liabilities outstanding		145,266	221,922	30,000	60,000	175,266	281,922
Other Liabilities		1,645	2,977	42,440	58,579	44,085	61,556
Deferred inflows of resources		5	5	-	-	5	5
	Total liabilities and deferred inflows of resources	146,916	224,904	72,440	118,579	219,356	343,483
Net Position:							
	Net Investment in capital assets	1,165,296	952,320	1,047,499	1,069,066	2,212,795	2,021,386
	Restricted	396,466	130,685	-	-	396,466	130,685
	Unrestricted	211,406	511,127	2,464,846	2,224,299	2,676,252	2,735,426
	Total Net Position	\$ 1,773,168	\$ 1,594,132	\$ 3,512,345	\$ 3,293,365	\$ 5,285,513	\$ 4,887,497

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Bostic exceeded liabilities and deferred inflows by \$5,285,513 as of June 30, 2021. The Town's net position increased by \$398,016 for the fiscal year ended June 30, 2021. A portion of net position (41.87%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Bostic uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Bostic's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Bostic's net position, \$396,466 (7.5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,676,252 (50.63%) is unrestricted.

Town of Bostic's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 51,869	\$ 52,061	\$ 567,064	\$ 603,392	\$ 618,933	\$ 655,453
Operating grants and contributions	147,786	154,842	-	10,000	147,786	164,842
Capital grants and contributions	10,802	5,830	-	-	10,802	5,830
General revenues:						
Property taxes	53,021	53,300	-	-	53,021	53,300
Grants and contributions not restricted to specific	220,318	42,219	-	-	220,318	42,219
Other	335	1,167	1,148	11,611	1,483	12,778
Total revenues	484,131	309,419	568,212	625,003	1,052,343	934,422
Expenses:						
General government	102,892	112,493	-	-	102,892	112,493
Public safety	157,850	124,841	-	-	157,850	124,841
Transportation	40,567	15,019	-	-	40,567	15,019
Environmental protection	4,838	22,380	-	-	4,838	22,380
Interest on long-term debt	10,448	2,818	-	-	10,448	2,818
Water	-	-	126,841	158,755	126,841	158,755
Electric	-	-	210,891	287,747	210,891	287,747
Total expenses	316,595	277,551	337,732	446,502	654,327	724,053
Increase in net position before transfers	167,536	31,868	230,480	178,501	398,016	210,369
Transfers	11,500	11,500	(11,500)	(11,500)	-	-
Increase in net position	179,036	43,368	218,980	167,001	398,016	210,369
Net position, beginning	1,594,132	1,550,764	3,293,365	3,126,364	4,887,497	4,677,128
Net position, June 30	\$ 1,773,168	\$ 1,594,132	\$ 3,512,345	\$ 3,293,365	\$ 5,285,513	\$ 4,887,497

Governmental activities. Governmental activities increased the Town's net position by \$179,036, accounting for 44.98% of the total growth in the net position of the Town of Bostic

Business-type activities. Business-type activities increased the Town of Bostic's net position by \$218,980, accounting for 55.02% of the total growth in the government's net position. This growth resulted from normal operations.

Financial Analysis of Town's Funds

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

Governmental Funds. The focus of the Town of Bostic'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 Bostic's financing requirements.

The general fund is the chief operating fund of the Town of Bostic. At the end of the current fiscal year, Town of Bostic's fund balance available in the General Fund was \$201,603, while total fund balance reached \$239,387. The Town currently has an available fund balance of 68.89% of general fund expenditures, and total fund balance represents 81.8% of the same amount.

At June 30, 2021, governmental funds reported a combined fund balance of \$598,069 with a net decrease in fund balance of \$35,652. Included in this change in fund balance are decreases in fund balance for the General Fund, \$51,348, and an increase in fund balance for the Fire District Fund, \$15,696.

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

Proprietary Funds. The Town of Bostic's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$805,343 and for the Electric Fund, \$1,659,503. The total change in net position for the Water and the Electric Funds was \$71,098 and \$147,882 respectively.

Capital Asset and Debt Administration

Capital assets. The Town of Bostic's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$2,388,061 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, vehicles, water lines, electric lines and improvements.

**Town of Bostic's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and nondepreciable assets	\$ 251,316	\$ 251,316	\$ -	\$ -	\$ 251,316	\$ 251,316
Buildings	520,824	542,755	-	-	520,824	542,755
Substations, lines, and related equipment	-	-	1,050,801	1,098,983	1,050,801	1,098,983
Machinery and equipment	264,634	71,303	-	-	264,634	71,303
Vehicles and motorized equipment	273,788	308,868	-	-	273,788	308,868
Improvements	-	-	26,698	30,083	26,698	30,083
Total	\$ 1,310,562	\$ 1,174,242	\$ 1,077,499	\$ 1,129,066	\$ 2,388,061	\$ 2,303,308

Additional information on the Town's capital assets can be found in Note II.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the Town of Bostic owed \$26,203 to finance the construction of an EMS satellite station and fire bays, \$119,063 to finance the purchase of a fire truck and \$30,000 to finance the construction of water lines. This debt decreased by \$106,656 during the current fiscal year.

Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Borrowing-EMS Station	\$ 26,203	\$ 77,567	\$ -	\$ -	\$ 26,203	\$ 77,567
Direct Borrowing-Fire Truck	119,063	144,355	-	-	119,063	144,355
Direct Borrowing-Water Lines	-	-	30,000	60,000	30,000	60,000
	<u>\$ 145,266</u>	<u>\$ 221,922</u>	<u>\$ 30,000</u>	<u>\$ 60,000</u>	<u>\$ 175,266</u>	<u>\$ 281,922</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Bostic is approximately \$1,625,000. The Town has no bonds authorized and unissued at June 30, 2021.

Additional information regarding the Town of Bostic's long-term debt can be found in Note II.B.5 of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The property tax and fire district tax rates will remain unchanged at \$.26 and \$.06 per \$100 valuation respectively. Projected revenues are expected to be down due to Covid-19 pandemic.

Business-type Activities: The water and supplier costs are expected to remain unchanged; electric rates will also remain comparable.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Bostic, PO Box 158, Bostic, NC 28018.

BASIC FINANCIAL STATEMENTS

Town of Bostic North Carolina
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 202,624	\$ 2,403,356	\$ 2,605,980
Taxes receivables (net)	5,521	-	5,521
Accounts receivable (net)	2,808	70,249	73,057
Due from other governments	6,584	-	6,584
Restricted assets:			
Cash and cash equivalents	378,818	33,681	412,499
Due from other governments	13,167	-	13,167
Total current assets	609,522	2,507,286	3,116,808
Non-current assets:			
Capital assets (Note 4):			
Land, non-depreciable improvements, and construction in progress	251,316	-	251,316
Other capital assets, net of depreciation	1,059,246	1,077,499	2,136,745
Total capital assets	1,310,562	1,077,499	2,388,061
Total assets	1,920,084	3,584,785	5,504,869
LIABILITIES			
Current liabilities:			
Accounts payable	1,016	8,759	9,775
Current portion of long-term liabilities	39,058	30,000	69,058
Liabilities payable from restricted assets:			
Customer deposits	-	33,681	33,681
Accounts payable	629	-	629
Total current liabilities	40,703	72,440	113,143
Long-term liabilities:			
Due in more than one year	106,208	-	106,208
Total liabilities	146,911	72,440	219,351
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5	-	5
Total deferred inflows of resources	5	-	5
NET POSITION			
Net investment in capital assets	1,165,296	1,047,499	2,212,795
Restricted for:			
Stabilization by State Statute	7,969	-	7,969
Streets	29,815	-	29,815
Fire protection	358,682	-	358,682
Unrestricted	211,406	2,464,846	2,676,252
Total net position	\$ 1,773,168	\$ 3,512,345	\$ 5,285,513

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

Town of Bostic, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 102,892	\$ 38,465	\$ 11,272	\$ -	\$ (53,155)	\$ -	\$ (53,155)
Public safety	157,850	-	125,398	10,802	(21,650)	-	(21,650)
Transportation	40,567	-	10,895	-	(29,672)	-	(29,672)
Environmental protection	4,838	13,404	221	-	8,787	-	8,787
Interest on long-term debt	10,448	-	-	-	(10,448)	-	(10,448)
Total governmental activities (See Note 1)	316,595	51,869	147,786	10,802	(106,138)	-	(106,138)
Business-type activities:							
Electric	210,891	365,503	-	-	-	154,612	154,612
Water	126,841	201,561	-	-	-	74,720	74,720
Total business-type activities	337,732	567,064	-	-	-	229,332	229,332
Total government	\$ 654,327	\$ 618,933	\$ 147,786	\$ 10,802	(106,138)	229,332	123,194

General revenues:

Taxes:		
Property taxes	53,021	53,021
Unrestricted intergovernmental	220,318	220,318
Unrestricted investment earnings	335	1,483
Total general revenues not including transfers	273,674	274,822
Transfers	11,500	-
Total general revenues and transfers	285,174	274,822
Change in net position	179,036	398,016
Net position, beginning	1,594,132	4,887,497
Net position, ending	\$ 1,773,168	\$ 5,285,513

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

Town of Bostic, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	General	Fire District	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 202,624	\$ -	\$ 202,624
Restricted cash and cash equivalents	29,815	349,003	378,818
Receivables, net:			
Taxes	5,521	-	5,521
Landfill fee	2,808	-	2,808
Due from other governments	6,584	13,167	19,751
Due from fire district	2,859		2,859
Total assets	<u>250,211</u>	<u>362,170</u>	<u>612,381</u>
LIABILITIES			
Accounts payable	1,016	629	1,645
Due to general fund	-	2,859	2,859
Total liabilities	<u>1,016</u>	<u>3,488</u>	<u>4,504</u>
DEFERRED INFLOWS OF RESOURCES			
Receivables	9,803	-	9,803
Prepaid taxes	5	-	5
Total deferred inflows of resources	<u>9,808</u>	<u>-</u>	<u>9,808</u>
FUND BALANCES			
Restricted			
Stabilization by State Statute	7,969	-	7,969
Streets	29,815	-	29,815
Fire protection	-	358,682	358,682
Unassigned	201,603	-	201,603
Total fund balances	<u>239,387</u>	<u>358,682</u>	<u>598,069</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 250,211</u>	<u>\$ 362,170</u>	<u>\$ 612,381</u>

(cont)

**Town of Bostic
Balance Sheet
Governmental Funds
June 30, 2021**

**Exhibit 3
(cont)**

Amounts reported for governmental activities in the Statement of Net Position
(Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$	598,069
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 2,510,020	
Accumulated depreciation	(1,199,458)	
	<hr/>	1,310,562
Earned revenues considered deferred inflows of resources in fund statements.		9,803
Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(145,266)</u>
Net position of governmental activities	<u>\$</u>	<u>1,773,168</u>

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

Town of Bostic
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Fire District	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 53,021	\$ -	\$ 53,021
Unrestricted intergovernmental	102,351	117,967	220,318
Restricted intergovernmental	22,388	136,200	158,588
Investment earnings	155	180	335
Local sources	51,869	-	51,869
Total revenues	<u>229,784</u>	<u>254,347</u>	<u>484,131</u>
EXPENDITURES			
Current:			
General government	142,563	-	142,563
Public safety	-	204,367	204,367
Transportation	40,567	-	40,567
Environmental protection	56,684	-	56,684
Debt service:			
Principal	51,362	25,292	76,654
Interest and other charges	1,456	8,992	10,448
Total expenditures	<u>292,632</u>	<u>238,651</u>	<u>531,283</u>
Excess (deficiency) of revenues over expenditures	<u>(62,848)</u>	<u>15,696</u>	<u>(47,152)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from Electric Fund	7,500	-	7,500
Transfers from Water Fund	4,000	-	4,000
Total other financing sources (uses)	<u>11,500</u>	<u>-</u>	<u>11,500</u>
Net change in fund balance	<u>(51,348)</u>	<u>15,696</u>	<u>(35,652)</u>
Fund balances, beginning	290,735	342,986	633,721
Fund balances, ending	<u>\$ 239,387</u>	<u>\$ 358,682</u>	<u>\$ 598,069</u>

(cont)

Town of Bostic
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$	(35,652)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	\$ 230,941	
Depreciation expense for governmental assets	(94,620)	
		136,321

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	1,713	
		1,713

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	-	
Principal payments on long-term debt	76,654	
		76,654

Total changes in net position of governmental activities	\$	<u>179,036</u>
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The notes to the financial statements are an integral part of this statement.

Town of Bostic
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	General Fund				Fire District Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:								
Ad valorem taxes	\$ 51,000	\$ 51,000	\$ 53,021	\$ 2,021	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	39,100	105,249	102,351	(2,898)	130,818	130,818	117,967	(12,851)
Restricted intergovernmental	11,750	23,025	22,388	(637)	-	125,399	136,200	10,801
Investment earnings	7,750	7,750	155	(7,595)	-	-	180	180
Local sources	51,461	51,461	51,869	408	-	-	-	-
Total revenues	161,061	238,485	229,784	(8,701)	130,818	256,217	254,347	(1,870)
Expenditures:								
Current:								
General government	136,261	140,866	142,563	(1,697)	-	-	-	-
Public safety	-	-	-	-	130,818	221,933	204,367	17,566
Transportation	14,600	44,600	40,567	4,033	-	-	-	-
Environmental protection	21,700	51,700	56,684	(4,984)	-	-	-	-
Debt service:								
Principal retirement	-	51,362	51,362	-	-	25,292	25,292	-
Interest	-	1,457	1,456	1	-	8,992	8,992	-
Contingency	-	-	-	-	-	-	-	-
Total expenditures	172,561	289,985	292,632	(2,647)	130,818	256,217	238,651	17,566
Revenues over (under) expenditures	(11,500)	(51,500)	(62,848)	(11,348)	-	-	15,696	15,696
Other financing sources (uses):								
Fund Balance Appropriated	-	40,000	-	(40,000)	-	-	-	-
Transfers from Electric Fund	7,500	7,500	7,500	-	-	-	-	-
Transfers from Water Fund	4,000	4,000	4,000	-	-	-	-	-
Total other financing sources (uses)	11,500	51,500	11,500	(40,000)	-	-	-	-
Fund balance appropriated	-	-	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ (51,348)	\$ (51,348)	\$ -	\$ -	\$ 15,696	\$ 15,696
Fund balances, beginning			290,735				342,986	
Fund balances, ending			<u>\$ 239,387</u>				<u>\$ 358,682</u>	

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

Town of Bostic
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Electric Fund	Water Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,623,900	\$ 779,456	\$ 2,403,356
Accounts receivable (net) - billed	31,031	22,128	53,159
Accounts receivable (net) - unbilled	10,527	6,563	17,090
Restricted cash and cash equivalents	19,452	14,229	33,681
Total current assets	<u>1,684,910</u>	<u>822,376</u>	<u>2,507,286</u>
Noncurrent assets:			
Capital assets:			
Capital assets, net of depreciation	234,489	843,010	1,077,499
Total noncurrent assets	<u>234,489</u>	<u>843,010</u>	<u>1,077,499</u>
Total assets	<u>\$ 1,919,399</u>	<u>\$ 1,665,386</u>	<u>\$ 3,584,785</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	5,955	2,804	8,759
Current maturities of long term debt	-	30,000	30,000
Liabilities payable from restricted assets:			
Customer deposits	19,452	14,229	33,681
Total current liabilities	<u>25,407</u>	<u>47,033</u>	<u>72,440</u>
Total liabilities	<u>25,407</u>	<u>47,033</u>	<u>72,440</u>
NET POSITION			
Net investment in capital assets	234,489	813,010	1,047,499
Unrestricted	1,659,503	805,343	2,464,846
Net position of business-type activities	<u>\$ 1,893,992</u>	<u>\$ 1,618,353</u>	<u>\$ 3,512,345</u>

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

Town of Bostic
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Electric Fund	Water Fund	Total
OPERATING REVENUES			
Charges for services	\$ 365,143	\$ 198,191	\$ 563,334
Connection fees and late charges	360	3,370	3,730
Total operating revenues	365,503	201,561	567,064
OPERATING EXPENSES			
Operations	27,476	46,863	74,339
Electric power purchased	163,727	-	163,727
Water purchased	-	46,844	46,844
Depreciation	19,688	31,879	51,567
Total operating expenses	210,891	125,586	336,477
Operating income (loss)	154,612	75,975	230,587
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	770	378	1,148
Interest paid	-	(1,255)	(1,255)
Total nonoperating revenue (expenses)	770	(877)	(107)
Income (loss) before contributions and transfers	155,382	75,098	230,480
Transfers to General Fund	(7,500)	(4,000)	(11,500)
Change in net position	147,882	71,098	218,980
Total net position, beginning	1,746,110	1,547,255	3,293,365
Total net position, ending	\$ 1,893,992	\$ 1,618,353	\$ 3,512,345

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

**Town of Bostic
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021**

	Major Enterprise Funds		
	Electric Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 369,416	\$ 201,682	\$ 571,098
Cash paid for goods and services	(195,178)	(86,628)	(281,806)
Cash paid to or on behalf of employees for services	(10,033)	(10,033)	(20,066)
Customer deposits - net	390	433	823
Net cash provided (used) by operating activities	<u>164,595</u>	<u>105,454</u>	<u>270,049</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(7,500)	(4,000)	(11,500)
Total cash flows from noncapital financing activities	<u>(7,500)</u>	<u>(4,000)</u>	<u>(11,500)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on installment contracts	-	(30,000)	(30,000)
Interest paid on installment contracts	-	(1,255)	(1,255)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(31,255)</u>	<u>(31,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	770	378	1,148
Net increase (decrease) in cash and cash equivalents	157,865	70,577	228,442
Balances, beginning	1,485,487	723,108	2,208,595
Balances, ending	<u>\$ 1,643,352</u>	<u>\$ 793,685</u>	<u>\$ 2,437,037</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 154,612	\$ 75,975	\$ 230,587
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	19,688	31,879	51,567
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	3,913	121	4,034
Increase (decrease) in accounts payable and accrued liabilities	(14,008)	(2,954)	(16,962)
Increase (decrease) in customer deposits	390	433	823
Total adjustments	<u>9,983</u>	<u>29,479</u>	<u>39,462</u>
Net cash provided by operating activities	<u>\$ 164,595</u>	<u>\$ 105,454</u>	<u>\$ 270,049</u>

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Bostic 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 Bostic (the “Town”) is a municipal corporation that is governed by an elected mayor and a five-member council. The Town of Bostic has no component unit, a legally separate entity for which the Town is financially accountable.

The Town of Bostic is located in the eastern section of Rutherford County and has a population of approximately 400. The Town operates an electric system and a water system for the incorporated and adjacent areas.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – *governmental and proprietary*– are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town has no non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are

those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental 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, intergovernmental revenues, and various service fees. The primary expenditures are for general government, street maintenance, and sanitation services.

Fire District Special Revenue Fund. This fund is used to account for the Town's fire district tax used for fire protection services.

The Town reports the following enterprise funds:

Electric Fund. This fund is used to account for the Town's electric operations.

Water Fund. This fund is used to account for the Town's water operations.

Capital Project Fund. This fund is used to account for the construction projects, if any, which extend beyond a fiscal year.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Rutherford County levies and collects a special fire district tax for the local fire district. The county remits these tax funds based upon the fire department's budget as approved by the Town Council and accepted by the Board of County Commissioners. This revenue is recognized in the Fire District Fund as it is received and is reported as unrestricted intergovernmental revenue.

Sales taxes and certain intergovernmental revenues, such as the utilities sales 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 Bostic because the tax is levied by Rutherford County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program

revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fire District Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances, either annual or multi-year as appropriate, are adopted for the capital project funds and are consolidated with their operating funds for reporting purposes. 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 project level for the multi-year funds. Amendments to the original budget are made, as appropriate, by the governing board. The budget ordinance has historically been adopted by the Town Council on or before July 1.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, 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 NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Since the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as a cash equivalent.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents

Town of Bostic, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4

<u>Town of Bostic Restricted Cash</u>		
Governmental Activities		
General Fund		
	Streets	\$ 29,815
	Fire District Fund	349,003
Total governmental activities		<u>\$ 378,818</u>
Business-type Activities		
Electric Fund		
	Customer deposits	19,452
Water Fund		
	Customer deposits	14,229
Total Business-type Activities		<u>\$ 33,681</u>
Total Restricted Cash		<u><u>\$ 412,499</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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. Prepaid Items

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.

7. 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: buildings, \$25,000; building improvements, \$10,000; equipment and furniture, \$5,000; streets, \$40,000; and water and electric system improvements \$50,000. 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. General infrastructure assets acquired after July 1, 2003, consisting of the road network, will be capitalized and depreciated per policy. Distribution lines for the water and electric systems acquired prior to July 1, 2003 will continue to be depreciated at the composite rates of 2 percent and 4 percent respectively. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Capital assets acquired after July 1 2003 are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Office and maintenance equipment	5
Office furniture and recreation equipment	10
Vehicles – fire trucks	10
Vehicles – other	5
Buildings	40
Building improvements	25
Streets, highways, curbing, and sidewalks	50
Water distribution system	50
Electric distribution system	25

8. 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. The

Town has no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and solid waste receivable.

9. 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.

10. Compensated Absences

The Town has no established policy for employee vacations, sick leave or other benefits. All employees are part-time.

11. 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 externally imposed either 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.

Prepaid items – This portion of fund balance shows that prepaid items do not represent available spending resources even though they are a component of current assets.

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. 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.

Restricted for Fire Protection – portion of fund balance that is restricted by revenue source for fire protection expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Bostic'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 Bostic intends to use for specific purposes. Fund balance can be assigned or rescinded by majority vote of the Bostic Town Council.

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 Bostic 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 in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit'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's agent in the entity'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 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. 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.

Town of Bostic, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

At June 30, 2021, the Town's deposits had a carrying amount of \$3,018,354 and a bank balance of \$3,047,429. Of the bank balance, \$337,208 was covered by federal depository insurance and \$2,710,221 was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$125.

2. Investments

The amount invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's, was \$22,632. The Town has no policy regarding credit risk.

3. Receivables and Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for accounts receivable and allowance for doubtful accounts for the year ended June 30, 2021 are as follows:

	Taxes and <u>Accrued Interest</u>	<u>Accounts</u>	Due from other <u>Governments</u>
Governmental Activities:			
General Fund	\$ 5,521	\$ 2,808	\$ 6,584
Fire District Fund	\$ -	\$ -	\$ 13,167
Allowance for doubtful accounts	-	-	-
Total Governmental Activities	<u>\$ 5,521</u>	<u>\$ 2,808</u>	<u>\$ 19,751</u>
Enterprise Funds			
Electric Fund	\$ -	\$ 43,258	\$ -
Water Fund	-	29,791	-
Allowance for doubtful accounts	-	2,800	-
Total Enterprise Funds	<u>\$ -</u>	<u>\$ 70,249</u>	<u>\$ -</u>

The "Due From Other Governments" that is owed to the Town consists of the following:

	<u>Governmental</u>
Sales tax refund	\$ 4,468
Property taxes unremitted	13,167
Local option sales tax	2,116
	<u>\$19,751</u>

Town of Bostic, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 251,316	\$ -	\$ -	\$ 251,316
Total capital assets not being depreciated	251,316	-	-	251,316
Capital assets being depreciated:				
Equipment	233,624	230,940	-	464,564
Vehicles	856,930	-	-	856,930
Buildings	937,210	-	-	937,210
Total capital assets being depreciated	2,027,764	230,940	-	2,258,704
Less accumulated depreciation for:				
Equipment	162,321	37,609	-	199,930
Vehicles	548,062	35,079	-	583,141
Buildings	394,455	21,932	-	416,387
Total accumulated depreciation	1,104,838	94,620	-	1,199,458
Total capital assets being depreciated, net	922,926			1,059,246
Governmental activity capital assets, net	<u>\$ 1,174,242</u>			<u>\$ 1,310,562</u>

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

General government	\$ 3,157
Public safety	91,463
Total depreciation expense	<u>\$ 94,620</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Electric Fund				
Capital assets being depreciated:				
Lines	\$ 708,768	\$ -	\$ -	\$ 708,768
Improvements	21,279	-	-	21,279
Total capital assets being depreciated	730,047	-	-	730,047
Less accumulated depreciation for:				
Lines	470,674	18,037	-	488,711
Improvements	5,196	1,651	-	6,847
Total accumulated depreciation	475,870	19,688	-	495,558
Electric fund capital assets, net	254,177			234,489
Water Fund				
Capital assets being depreciated:				
Lines	1,561,413	-	-	1,561,413
Improvements	16,279	-	-	16,279
Total capital assets being depreciated	1,577,692	-	-	1,577,692
Less accumulated depreciation for:				
Lines	700,524	31,228	-	731,752
Improvements	2,279	651	-	2,930
Total accumulated depreciation	702,803	31,879	-	734,682
Water fund capital assets, net	874,889			843,010
Business-type activities capital assets, net	<u>\$ 1,129,066</u>			<u>\$ 1,077,499</u>

Construction Commitments:

The government has no construction commitments at June 30, 2021.

B. Liabilities

1. Pension Plan Obligations

a. Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Bostic, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighters' and Rescue Squad Workers' Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Firefighters' and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2021, the State contributed \$18,302,000 to the plan. The Town of Bostic's proportionate share of the State's contribution is \$0.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund

payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2021, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$0. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2021 and at June 30, 2020 was 0%.

For the year ended June 30, 2021, the Town recognized pension expense of \$0 and revenue of \$0 for support provided by the State. At June 30, 2021, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the

Town of Bostic, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

2. Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$1,016	\$ -	\$1,016
Fire District Fund	<u>629</u>	<u> </u>	<u>629</u>
Total government activities	<u>\$1,645</u>	<u>\$ -</u>	<u>\$1,645</u>
Business-Type Activities:			
Electric	\$ 5,955	\$ -	\$ 5,955
Water	<u>2,804</u>	<u> </u>	<u>2,804</u>
Total business-type activities	<u>\$ 8,759</u>	<u>\$ -</u>	<u>\$ 8,759</u>

3. Deferred Outflows and Inflows of Resources

The Town had no deferred outflows of resources at year-end.

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 5	\$ 5
Taxes Receivable- net (General Fund)	-	5,521
Sales Tax Refund (General Fund)	-	19,751
Total	<u>\$ 5</u>	<u>\$ 25,277</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$5 million and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and flood coverage up to \$5 million per occurrence. 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 and 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.

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. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Long-Term Obligations

a. Installment Purchase

The Town executed a direct borrowing contract in December 2006 in the original amount of \$630,000 to finance the construction of a new Emergency Medical Service satellite station and fire station bay. The contract required 180 equal monthly payments of \$4,714 with interest at 4.17% per annum. This contract was refinanced in March 2012 requiring 117 equal monthly payments of \$4,401.51 with interest at 2.69% per annum. Annual debt service payments of this installment purchase as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 26,203	\$ 204
Total	\$ 26,203	\$ 204

Town of Bostic, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

In June 2012, the Town executed a direct borrowing contract in the amount of \$300,000 to finance the construction of water lines. This financing contract requires principal payments beginning in the fiscal year ending 2013 with an interest rate of 2.39%. Annual debt service payments as of June 30, 2021 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 30,000	\$ 538
Total	\$ 30,000	\$ 538

In August 2019, the Town executed a direct borrowing contract in the amount of \$144,355 to finance the construction of a new fire truck. The financing contract requires principal payments beginning in the fiscal year ending 2021 with an interest rate of 3.25%. Annual debt service payments as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 12,855	\$ 4,287
2023	13,272	3,870
2024	13,704	3,438
2025	14,141	3,001
2026	14,609	2,533
2027	15,083	2,059
2028	15,574	1,568
2029	16,077	1,065
2030	3,748	540
	\$ 119,063	\$ 27,065

At June 30, 2021, the Town of Bostic had no bonds which were authorized and unissued; and a legal debt margin of approximately \$1,625,000.

Town of Bostic, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Direct borrowing - EMS Station	\$ 77,567	\$ -	\$ 51,364	\$ 26,203	\$ 26,203
Direct borrowing - Fire Truck	144,355	-	25,292	119,063	12,855
Governmental activity long-term liabilities	<u>\$ 221,922</u>	<u>\$ -</u>	<u>\$ 76,656</u>	<u>\$ 145,266</u>	<u>\$ 39,058</u>
Business-type activities:					
Water Fund:					
Direct borrowing - Water Lines	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

C. Interfund Balances and Activity

At June 30, 2021, the Fire District Fund owed the General Fund \$2,859. This represents expenditure refunds not remitted at June 30, 2021.

Transfers to/from other funds at June 30, 2021 consist of the following:

From the Water Fund to the General Fund	\$4,000
From the Electric Fund to the General Fund	<u>7,500</u>
Total	<u>\$11,500</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$1,310,562	\$1,077,499
Less: Long term debt	<u>145,266</u>	<u>30,000</u>
Net investment in capital assets	<u>\$1,165,296</u>	<u>\$1,047,499</u>

E. Fund Balance

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

<i>Total fund balance-General Fund</i>	<i>\$ 237,085</i>
Less:	
Stabilization by State Statute	5,105
Streets-Powell Bill	<u>29,815</u>
Remaining Fund Balance	\$202,165

IV. Jointly Governed Organization

The Town, in conjunction with twenty other local governments, is a member of the North Carolina City Electric Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The twenty-one members, who receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2021 were \$163,727.

V. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2021. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VII. COVID-19

The COVID-19 pandemic developed rapidly in 2020 and 2021, with a significant number of cases. Measures taken by Federal, State, and Local governments to contain the virus have affected economic activity. The impact of COVID-19 has reduced receipts from utility customers and other intergovernmental revenues received from governments due to stay at home orders to prevent the spread of the virus. Depending on the duration of the COVID-19 crisis and continued government restrictions, the Town may experience further negative results. The exact impact of the Town's activities cannot be predicted and no adjustment has been made to the financial statements for this uncertainty.

REQUIRED SUPPLEMENTARY FINACIAL DATA

Town of Bostic, North Carolina
Town of Bostic's Proportionate Share of Net Pension Liability
Required Supplementary Information
Last Seven Fiscal Years *

Firefighters' and Rescue Squad Workers' Pension

	2021	2020	2019	2018	2017	2016	2015
Bostic's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Bostic's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town of Bostic	-	-	-	11,429	7,642	8,429	3,425
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,429</u>	<u>\$ 7,642</u>	<u>\$ 8,429</u>	<u>\$ 3,425</u>
Bostic's covered payroll	\$ -	\$ -	\$ -	\$ 9,155	\$ 8,156	\$ 7,636	\$ 4,130
Bostic's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	124.84%	93.70%	110.39%	82.93%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%	91.45%

* The amounts presented are for the prior fiscal year.

INDIVIDUAL FUND STATEMENTS

Town of Bostic, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year	\$	\$ 53,003	\$
Prior years		16	
Interest		2	
Total	<u>51,000</u>	<u>53,021</u>	<u>2,021</u>
 Unrestricted intergovernmental:			
Local option sales taxes	16,900	18,460	1,560
Telecommunications sales tax	13,000	8,750	(4,250)
Utilities sales tax	7,500	6,341	(1,159)
Video franchise fee	1,700	1,279	(421)
Other	66,149	67,521	1,372
Total	<u>105,249</u>	<u>102,351</u>	<u>(2,898)</u>
 Restricted intergovernmental:			
Powell Bill allocation	11,500	10,895	(605)
COVID-19 Relief Fund	11,275	11,272	(3)
Solid waste disposal tax	250	221	(29)
Total	<u>23,025</u>	<u>22,388</u>	<u>(637)</u>
 Investment earnings	<u>7,750</u>	<u>155</u>	<u>(7,595)</u>
 Local sources:			
Sanitation fees	13,000	13,404	404
Rents	38,461	38,465	4
Total	<u>51,461</u>	<u>51,869</u>	<u>408</u>
 Total revenues	<u>238,485</u>	<u>229,784</u>	<u>(8,701)</u>
 Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		6,680	
Professional services		17,536	
Total	25,650	<u>24,216</u>	1,434
 Administration:			
Salaries and employee benefits		4,408	
Office expense		4,631	
Dues and memberships		2,999	
Insurance		10,737	
Repairs and maintenance		366	
COVID-19 Relief Fund		10,822	
Other		2,754	
Total	38,567	<u>36,717</u>	1,850
 Public buildings:			
Repairs and maintenance	48,149	<u>46,966</u>	1,183

Town of Bostic, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Beautification:			
Repairs and maintenance	24,500	33,149	(8,649)
Recreation:			
Supplies	4,000	1,515	2,485
Total general government	140,866	142,563	(1,697)
Transportation:			
Street repairs and maintenance	44,600	40,567	4,033
Environmental protection:			
Sanitation - solid waste collection and landfill fee	51,700	56,684	(4,984)
Debt service:			
Principal retirement	51,362	51,362	-
Interest	1,457	1,456	1
Total debt service	52,819	52,818	1
Total expenditures	289,985	292,632	(2,647)
Revenues over (under) expenditures	(51,500)	(62,848)	(11,348)
Other financing sources (uses):			
Fund Balance Appropriated	40,000	-	(40,000)
Transfers from Electric Fund	7,500	7,500	-
Transfers from Water Fund	4,000	4,000	-
Total	51,500	11,500	(40,000)
Net change in fund balance	\$ -	(51,348)	\$ (51,348)
Fund balances, beginning		290,735	
Fund balances, ending		\$ 239,387	

Town of Bostic
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Fire District Fund
For the Year Ended June 30, 2021

			Variance Positive (Negative)
Revenues:	Budget	Actual	
Unrestricted intergovernmental	\$ 130,818	\$ 117,967	\$ (12,851)
Restricted intergovernmental	125,399	136,200	10,801
Investment earnings	-	180	180
Total revenues	256,217	254,347	(1,870)
Expenditures:			
Public Safety:			
Supplies	2,500	713	1,787
Telephone	600	391	209
Utilities	7,500	6,353	1,147
Insurance	3,000	2,595	405
Dues	2,700	2,226	474
Travel and training	1,500	273	1,227
Contract services	5,000	4,420	580
Bank service charges	400	380	20
Vehicle maintenance	15,000	12,279	2,721
Vehicle fuel	5,000	2,344	2,656
Equipment maintenance	3,000	1,046	1,954
Turnout gear	12,834	9,925	2,909
Portable equipment	143,399	147,299	(3,900)
First responder supplies	1,500	911	589
SAFER grant	15,000	10,802	4,198
Other	3,000	2,410	590
Total expenditures	221,933	204,367	17,566
Revenues over expenditures	34,284	49,980	15,696
OTHER FINANCING SOURCES (USES)			
Debt Service	(34,284)	(34,284)	-
Fund balance appropriated	-	-	-
Total other financing sources	(34,284)	(34,284)	-
Net change in fund balance	\$ -	\$ 15,696	\$ 15,696
Fund balance, beginning		342,986	
Fund balance, ending		<u>\$ 358,682</u>	

Town of Bostic, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Electricity sales	\$ 376,818	\$ 365,143	\$ (11,675)
Connection and late fees	200	360	160
Total	<u>\$ 377,018</u>	<u>365,503</u>	<u>(11,515)</u>
Nonoperating revenues:			
Interest	500	770	270
Total revenues	<u>377,518</u>	<u>366,273</u>	<u>(11,245)</u>
Expenditures:			
Operations:			
Salaries and employee benefits	10,071	10,033	38
Power purchased	253,000	163,727	89,273
Materials and supplies	3,247	1,509	1,738
Repairs and maintenance	25,000	732	24,268
Contract services	75,000	12,949	62,051
Other	3,700	2,253	1,447
Total expenditures	<u>370,018</u>	<u>191,203</u>	<u>178,815</u>
Revenues over expenditures	7,500	175,070	167,570
Other financing (uses):			
Transfers to General Fund	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	167,570	<u>\$ 167,570</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(19,688)	
Change in net position		<u>\$147,882</u>	

Town of Bostic, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales	\$ 175,000	\$ 198,191	\$ 23,191
Connection fees and late charges	500	3,370	\$ 2,870
Total	<u>175,500</u>	<u>201,561</u>	<u>26,061</u>
Nonoperating revenues:			
Interest earnings	500	378	(122)
Total revenues	<u>176,000</u>	<u>201,939</u>	<u>25,939</u>
Expenditures:			
Operations:			
Salaries and employee benefits	10,071	10,033	38
Water purchased	65,000	46,844	18,156
Materials and supplies	2,100	3,435	(1,335)
Repairs and maintenance	5,574	732	4,842
Contract services	28,000	29,997	(1,997)
Other	30,000	2,666	27,334
Total	<u>140,745</u>	<u>93,707</u>	<u>47,038</u>
Debt service:			
Interest	1,255	1,255	-
Principal retirement	30,000	30,000	-
Total debt service	<u>31,255</u>	<u>31,255</u>	<u>-</u>
Total expenditures	<u>172,000</u>	<u>124,962</u>	<u>47,038</u>
Revenues over(under) expenditures	4,000	76,977	72,977
Other financing sources (uses):			
Transfer to General Fund	(4,000)	(4,000)	-
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>72,977</u>	<u>\$ 72,977</u>

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

Reconciling items:	
Principal retirement	30,000
Depreciation	(31,879)
Total reconciling items	<u>(1,879)</u>
Change in net position	<u>\$ 71,098</u>

OTHER SCHEDULES

Town of Bostic, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<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	\$ --	\$ 53,019 (a)	\$ 51,586 (b)	\$ 1,433 (c)
2019-2020	2,150	--	565	1,585
2018-2019	1,282	--	448	834
2017-2018	913	--	199	714
2016-2017	943	--	522	421
2015-2016	605	--	444	161
2014-2015	247	--	107	140
2013-2014	318	--	230	88
2012-2013	247	--	152	95
2011-2012	136	--	86	50
2010-2011	154	--	154	-
	<u>\$ 6,995</u>	<u>\$ 53,019</u>	<u>\$ 54,493 (d)</u>	<u>5,521</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 5,521</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				<u>\$ 53,021</u>
Reconciling items:				
Penalties and interest collected				(18)
Discounts and releases				457
Taxes written off				<u>1,033</u>
Subtotal				<u>1,472</u>
Total collections and credits				<u>\$ 54,493 (d)</u>

Town of Bostic, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
June 30, 2021

				Total Levy	
	City - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate	\$ 20,392,000	0.26	\$ 53,019 (a)	\$ 45,924	\$ 7,095
Uncollected taxes at June 30, 2021			1,433 (c)	1,433	-
Current year's taxes collected			\$ 51,586 (b)	\$ 44,491	\$ 7,095
Current levy collection percentage			97.30%	96.88%	100.00%