

REVIEWED

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TOWN OF BRYSON CITY
BRYSON CITY, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2021

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

Morganton, North Carolina

TOWN OF BRYSON CITY

JUNE 30, 2021

BOARD OF ALDERMEN

Tom Sutton
Mayor

Ben King

Janine Crisp

Chad Smith

Heidi Ramsey - Woodard

OFFICIALS

Regina Mathis

Town Manager

Lynn Thomas

Town Clerk

Carla Passmore

Tax Collector

Tom Shook

Superintendent
of Public Works

Charles Robinson

Police Chief

Charles Bryson

Fire Chief

Fred Moody, Jr.

Town Attorney

Town of Bryson City
Table of Contents
June 30, 2021

<u>Exhibit</u>		<u>Page</u>
	Financial Section	
	Independent Auditor's Report	1 - 3
	Management's Discussion and Analysis	4 - 11
	Basic Financial Statements:	
	Government-wide Financial Statements:	
Exhibit 1	Statement of Net Position	12
Exhibit 2	Statement of Activities	13
	Fund Financial Statements:	
Exhibit 3	Balance Sheet - Governmental Funds	14
Exhibit 3-1	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Exhibit 4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Exhibit 4-1	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	18
Exhibit 6	Statement of Net Position - Proprietary Fund	19
Exhibit 7	Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	20
Exhibit 8	Statement of Cash Flows - Proprietary Fund	21

Town of Bryson City
Table of Contents
June 30, 2021

<u>Exhibit</u>		<u>Page</u>
	Notes to the Financial Statements	22 - 47
	Required Supplemental Financial Data:	
Exhibit A-1	Schedule of the Proportionate Share of the Net Pension Liability - Local Government Employees' Retirement System	48
Exhibit A-2	Schedule of Contributions - Local Government Employees	49
Exhibit A-3	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	50
Exhibit A-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll	51
	Individual Fund Statements and Schedules:	
Exhibit B	Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget and Actual	52 - 57
Exhibit C	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	58
Exhibit D	Statement of Revenues and Expenditures -Budget and Actual (Non GAAP) - Water and Sewer Fund	59 - 61
	Water and Sewer Capital Projects Fund:	
Exhibit E-2	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Water and Sewer Lines Replacement	61
	Other Schedules:	
Exhibit F-1	Schedule of Ad Valoren Taxes Receivable	62
Exhibit F-2	Analysis of Current Tax Levy	63
Exhibit G-1	Water and Sewer Fund's Schedule of Net Position by Function	64

Town of Bryson City
Table of Contents
June 30, 2021

<u>Exhibit</u>		<u>Page</u>
Exhibit G-2	Water and Sewer Fund's Schedule of Revenues, Expenses and Changes in Fund Net Position by Function	65
Exhibit G-3	Water and Sewer Fund's Schedule of Cash Flows by Function	66 - 67
	Compliance Section:	
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	68 - 69
	Summary Schedule of Prior Year Audit Findings	70

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Independent Auditor's Report

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, 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 of Bryson City'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 did not audit the financial statements of the Town of Bryson City ABC Board which represents 6 percent, 6 percent and 39 percent, respectively, of the assets, net position and revenues of the opinion units. Those statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Bryson City ABC Board, is based solely on the report of the another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Town of Bryson City ABC Board were not audited in accordance with *Government Auditing Standards*. 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

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City
Page 2

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 presentation of the financial statements.

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, North Carolina as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on page 4 through 11 and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 48 and 49 respectively and the Law Enforcement Officer's Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Bryson City
Page 3

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2021 on our consideration of the Town of Bryson City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Bryson City's internal control over financial reporting and compliance.



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

Morganton, North Carolina
October 4, 2021

TOWN OF BRYSON CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town of Bryson City's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on 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 Town of Bryson City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13 511 975 (*net position*).
- The Government's total net position increased by \$234 292 due to increases in governmental activities net position.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2 098 435, or 120 percent of total general fund expenditures for the fiscal year.
- Town of Bryson City's debt on bonds, loans and capital leases decreased by \$215 625 or 9 percent during the current fiscal year. The key factors in this decrease was due to principal payments in excess of borrowings.
- The Town does not maintain a bond rating because all of the bonds are issued through USDA.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

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

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with statements that provide details about our non-major governmental fund, which is presented in single columns in the basic financial statements.

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

FIGURE A-1

MAJOR FEATURES OF TOWN OF BRYSON CITY’S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

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

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

- *Governmental activities* - Most of the Town's basic services are included here, such as public safety, transportation and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The Town charges fees to customers to help cover the costs of certain services it provides. The Town's water and sewer activities are included here.
- *Component Unit* - The Town includes one other entity in its report-the Town of Bryson City ABC Board. Although, legally separate, the "component unit" is important because the Town is financially accountable for them.

Fund Financial Statements

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

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

The Town has two kinds of funds:

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

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain Required supplementary information concerning the Town of Bryson City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 48-51 of this report.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of Town of Bryson City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13 511 975 at the close of the most recent fiscal year (Table 1).

TABLE 1
NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 3 062 578	\$2 703 993	\$ 1 061 360	\$ 829 383	\$ 4 123 938	\$ 3 533 376
Capital Assets	3 437 166	3 520 643	8 763 852	9 177 915	12 201 018	12 698 558
Deferred Outflows of Resources	258 177	158 585	116 765	102 098	374 942	260 683
Total Assets and Deferred Outflows of Resources	6 757 921	6 383 221	9 941 977	10 109 396	16 699 898	16 492 617
Long-Term Debt Outstanding			2 103 255	2 318 880	2 103 255	2 318 880
Other Liabilities	615 971	509 110	393 309	320 374	1 009 280	829 484
Deferred Inflows of Resources	56 376	54 634	19 012	11 936	75 388	66 570
Total Liabilities and Deferred Inflows of Resources	672 347	563 744	2 515 576	2 651 190	3 187 923	3 214 934
Net Position:						
Net Investment in Capital Assets	3 437 166	3 520 643	6 660 597	6 859 035	10 097 763	10 379 678
Restricted	132 891	107 247			132 891	107 247
Unrestricted (Deficit)	2 515 517	2 191 587	765 804	599 171	3 281 321	2 790 758
Total Net Position	\$ 6 085 574	\$5 819 477	\$ 7 426 401	\$7 458 206	\$13 511 975	\$13 277 683

Town of Bryson City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Bryson City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

The Town's total revenues were \$3 925 817 at June 30, 2021 (see Table 2). Charges for services made up 45% of revenues. Property taxes and other taxes made up 16% and 16% of revenues respectively. The Town's expenses cover a range of services with 24% of those expenditures being related to public safety.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 198 006	\$ 184 150	\$1 553 312	\$1 447 532	\$ 1 751 318	\$ 1 631 682
Operating Grants	179 685	183 294		115 560	179 685	298 854
Capital Grants and Contributions			147 491	482 476	147 491	482 476
General Revenues:						
Property Taxes	615 792	572 187			615 792	572 187
Other Taxes	620 073	508 654			620 073	508 654
Other	526 442	553 696	85 016	50 744	611 458	604 440
Total Revenues	<u>2 139 998</u>	<u>2 001 981</u>	<u>1 785 819</u>	<u>2 096 312</u>	<u>3 925 817</u>	<u>4 098 293</u>
<u>Expenditures</u>						
General Government	444 904	446 690			444 904	446 690
Public Safety	895 083	789 945			895 083	789 945
Environmental Protection	273 029	224 560			273 029	224 560
Transportation	240 885	233 022			240 885	233 022
Cultural and Recreational	20 000	74 407			20 000	74 407
Water and Sewer			1 817 624	1 866 036	1 817 624	1 866 036
Total Expenses	<u>1 873 901</u>	<u>1 768 624</u>	<u>1 817 624</u>	<u>1 866 036</u>	<u>3 691 525</u>	<u>3 634 660</u>
Increase (Decrease) in Net Position Before Transfers	266 097	233 357	(31 805)	230 276	234 292	463 633
Transfers		(169 000)		169 000		
Increase (Decrease) in Net Position	266 097	64 357	(31 805)	399 276	234 292	463 633
Net Position, July 1	<u>5 819 477</u>	<u>5 755 120</u>	<u>7 458 206</u>	<u>7 058 930</u>	<u>13 277 683</u>	<u>12 814 050</u>
Net Position, June 30	<u>\$6 085 574</u>	<u>\$5 819 477</u>	<u>\$7 426 401</u>	<u>\$7 458 206</u>	<u>\$13 511 975</u>	<u>\$13 277 683</u>

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

- The cost of all *governmental* activities this year was \$1 874 thousand.
- However, the amount that our taxpayers paid for these activities through Town taxes was \$1 496 thousand. Some of the cost was paid by:
 - Those who directly benefited from the programs (198 thousand), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (180 thousand).
- The Town paid for the \$1 496 thousand "public benefit" portion with \$1 236 thousand in taxes, and with other revenues.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Government	\$ 445	\$ 447	\$ 435	\$ 390
Public Safety	895	790	757	700
Environmental Protection	273	224	85	48
Transportation	241	233	199	189
Recreation	<u>20</u>	<u>74</u>	<u>20</u>	<u>74</u>
Total	<u>\$1 874</u>	<u>\$1 768</u>	<u>\$1 496</u>	<u>\$1 401</u>

Governmental Activities

The Town continues to increase fund balance with revenues exceeding expenditures and transfers by \$266 097. This was the result of increases in revenues over amounts budgeted.

Business-type Activities

Revenues of the Town's business-type activities totaled \$1 785 819 with expenses totaling \$1 817 624 (see Table 2). This produced a deficit of \$31 805. The deficit was caused by the Town's inability to fund depreciation.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of Town of Bryson City. At the end of the current fiscal year, available fund balance of the General Fund was \$2 098 435, while total fund balance was \$2 938 183. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 120 percent of total General Fund expenditures, while total fund balance represents 168 percent of that same amount.

At June 30, 2021, the governmental funds of Town of Bryson City reported a combined fund balance of \$2 954 626. Approximately 5 percent of this amount or \$132 891 is nonspendable or restricted. The net change in fund balance was \$380 044.

General fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain service. Total amendments increased the General Fund's budget by \$214 836.

Proprietary Funds. Town of Bryson City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$765 804.

Capital Asset and Debt Administration

Capital assets. Town of Bryson City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$12 201 018 (net of accumulated depreciation). These assets include land, buildings, infrastructure, equipment, and distribution systems.

Major capital asset transactions during the year include:

- Pumps
- Water and Sewer Lines
- Lab Equipment
- Police Vehicles
- Infrastructure

Town of Bryson City's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 596 405	\$ 596 405	\$ 294 397	\$ 294 397	\$ 890 802	\$ 890 802
Infrastructure	869 940	868 527			869 940	868 527
Buildings	1 567 007	1 644 734			1 567 007	1 644 734
Equipment	403 814	410 977	621 346	691 411	1 025 160	1 102 388
Distribution Systems			7 848 109	8 192 107	7 848 109	8 192 107
Total	<u>\$3 437 166</u>	<u>\$3 520 643</u>	<u>\$8 763 852</u>	<u>\$9 177 915</u>	<u>\$12 201 018</u>	<u>\$12 698 558</u>

Long-term Debt. As of June 30, 2021, Town of Bryson City had total debt outstanding of \$2 103 255, of which General Obligation Bonds are backed by the full faith and credit of the Town and all other debt is covered by pledged collateral and is subject to appropriation.

Town of Bryson City's Outstanding Debt
General Obligation Bonds, Loans and Capitalized Leases

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Placement General Obligation Bonds	\$	\$	\$ 803 000	\$ 846 000	\$ 803 000	\$ 846 000
Direct Placement Capital Lease Obligations			128 477	207 246	128 477	207 246
Direct Placement ARRA Loan			37 468	41 631	37 468	41 631
Direct Placement Clean Water Loan			380 313	412 006	380 313	412 006
Direct Placement Drinking Water Loan			753 997	811 997	753 997	811 997
Total	<u>\$</u>	<u>\$</u>	<u>\$2 103 255</u>	<u>\$2 318 880</u>	<u>\$2 103 255</u>	<u>\$2 318 880</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Town of Bryson City at June 30, 2021 was \$11 449 522.

Ad Valorem and Vehicle tax collections. The Town maintained a tax collection rate of 95.98%. The statewide average in fiscal year 2021 was 98.96%.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Governmental expenditures will increase approximately \$600 000 due to investment in capital outlay. The Town will use approximately \$550 000 of fund balance to fund this increase.

Business-type Activities: The Town will raise rates approximately 3%. This will be the third year of increases of a five year plan to accumulate revenue for future capital projects. The Town will spend approximately \$100 000 on capital outlay. The Town will acquire a two million dollar grant and six million dollar loan from the USDA for Phase 1 of their sewer project.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Bryson City, P. O. Box 726, Bryson City, NC 28713.

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental	Business -		Town of
	Activities	Type	Total	Bryson City
Assets		Activities		ABC Board
Current Assets:				
Cash and Cash Equivalents	\$ 2 835 096	\$ 752 518	\$ 3 587 614	\$ 449 277
Restricted Cash and Cash Equivalents	67 968	95 963	163 931	
Receivables (Net of Allowance for Uncollectibles)	159 514	146 352	305 866	
Inventories		66 527	66 527	323 551
Prepaid Expenses				1 126
Total Current Assets	<u>3 062 578</u>	<u>1 061 360</u>	<u>4 123 938</u>	<u>773 954</u>
Non Current Assets:				
Capital Assets:				
Land and Construction in Progress	596 405	294 397	890 802	47 665
Other Capital Assets, Net of Depreciation	<u>2 840 761</u>	<u>8 469 455</u>	<u>11 310 216</u>	<u>205 526</u>
Total Non Current Assets	<u>3 437 166</u>	<u>8 763 852</u>	<u>12 201 018</u>	<u>253 191</u>
Total Assets	<u>6 499 744</u>	<u>9 825 212</u>	<u>16 324 956</u>	<u>1 027 145</u>
Deferred Outflows of Resources	<u>258 177</u>	<u>116 765</u>	<u>374 942</u>	<u>33 761</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	81 329	49 613	130 942	165 177
Customer Deposits		95 963	95 963	
Compensated Absences	38 463	39 760	78 223	
Current Portion of Long Term Obligations		<u>216 948</u>	<u>216 948</u>	
Total Current Liabilities	<u>119 792</u>	<u>402 284</u>	<u>522 076</u>	<u>165 177</u>
Non Current Liabilities:				
Non Current Portion of Long Term Obligations		1 886 307	1 886 307	
Total Pension Liability	184 219		184 219	
Net Pension Liability	<u>311 960</u>	<u>207 973</u>	<u>519 933</u>	<u>58 962</u>
Total Non Current Liabilities	<u>496 179</u>	<u>2 094 280</u>	<u>2 590 459</u>	<u>58 962</u>
Total Liabilities	<u>615 971</u>	<u>2 496 564</u>	<u>3 112 535</u>	<u>224 139</u>
Deferred Inflows of Resources	<u>56 376</u>	<u>19 012</u>	<u>75 388</u>	<u>7 244</u>
Net Position				
Net Investment in Capital Assets	3 437 166	6 660 597	10 097 763	253 191
Restricted for:				
Stabilization by State Statute	132 891		132 891	
Unrestricted	<u>2 515 517</u>	<u>765 804</u>	<u>3 281 321</u>	<u>576 332</u>
Total Net Position	<u>\$ 6 085 574</u>	<u>\$7 426 401</u>	<u>\$13 511 975</u>	<u>\$ 829 523</u>

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

TOWN OF BRYSON CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit 2

		Program Revenues			(Net Expense) Revenues and Changes in Net Position			Component
					Primary Government		Unit	
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total	ABC Board
Primary Government:								
Governmental Activities:								
General Government	\$ 444 904	\$ 9 950	\$ 137 903	\$	\$ (434 954)	\$	\$ (434 954)	\$
Public Safety	895 083				(757 180)		(757 180)	
Environmental Protection	273 029	188 056			(84 973)		(84 973)	
Transportation	240 885		41 782		(199 103)		(199 103)	
Cultural and Recreational	20 000				(20 000)		(20 000)	
Total Governmental Activities	1 873 901	198 006	179 685		(1 496 210)		(1 496 210)	
Business-Type Activities:								
Water and Sewer	1 817 624	1 553 312		147 491		(116 821)	(116 821)	
Total Primary Government	\$ 3 691 525	\$1 751 318	\$ 179 685	\$ 147 491	(1 496 210)	(116 821)	(1 613 031)	
Component Unit:								
Bryson City ABC Board	\$ 2 426 759	\$2 516 835						90 076
General Revenues:								
Taxes:								
Property Taxes					615 792		615 792	
Local Option Sales					620 073		620 073	
Investment Earnings					1 149	1 096	2 245	53
Miscellaneous					339 362	83 920	423 282	
Payment from ABC Board					185 931		185 931	
Total General Revenues					1 762 307	85 016	1 847 323	53
Change in Net Position					266 097	(31 805)	234 292	90 129
Net Position - Beginning					5 819 477	7 458 206	13 277 683	739 394
Net Position - Ending					\$ 6 085 574	\$ 7 426 401	\$13 511 975	\$ 829 523

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

TOWN OF BRYSON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$2 818 653	\$ 16 443	\$ 2 835 096
Restricted Cash and Cash Equivalents	67 968		67 968
Receivables, Net	132 891		132 891
Property Tax Receivable, Net	<u>26 623</u>		<u>26 623</u>
 Total Assets	 <u>\$3 046 135</u>	 <u>\$ 16 443</u>	 <u>\$ 3 062 578</u>
 <u>Liabilities:</u>			
Accounts Payable and Accrued Liabilities	<u>81 329</u>		<u>81 329</u>
 <u>Deferred Inflows of Resources:</u>			
Property Taxes Receivable	<u>26 623</u>		<u>26 623</u>
 <u>Fund Balances:</u>			
Restricted For:			
Stabilization by State Statute	132 891		132 891
Committed to LEO Retirement	67 698		67 698
Assigned To:			
Appropriated for Subsequent Year's Expenditures	639 159		639 159
Future Capital Projects		16 443	16 443
Unassigned	<u>2 098 435</u>		<u>2 098 435</u>
 Total Fund Balances	 <u>2 938 183</u>	 <u>16 443</u>	 <u>2 954 626</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$3 046 135</u>	 <u>\$ 16 443</u>	 <u>\$ 3 062 578</u>

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

TOWN OF BRYSON CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds		\$3 437 166
Deferred outflows of resources related to pensions are not reported in the funds		258 177
Liabilities for earned revenues are considered deferred inflows of resources in fund statements		26 623
Certain liabilities, are not due and payable in the current period and therefore are not reported in the funds:		
Total Pension Liability	\$ (184 219)	
Net Pension Liability	(311 960)	
Deferred inflows of resources related to pensions are not reported in the funds	(56 376)	
Compensated Absences	<u>(38 463)</u>	(591 018)
Fund Balance - Governmental Funds (Exhibit 3)		<u>2 954 626</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$6 085 574</u>

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

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Governmental</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>			
Taxes:			
Property	\$ 605 448	\$	\$ 605 448
Local Option Sales	620 073		620 073
Intergovernmental	560 689		560 689
Charges for Services	198 006		198 006
Investment Earnings	1 136	13	1 149
Miscellaneous	<u>144 289</u>		<u>144 289</u>
Total Revenues	<u>2 129 641</u>	<u>13</u>	<u>2 129 654</u>
<u>Expenditures</u>			
Current:			
General Government	348 745		348 745
Public Safety	886 877		886 877
Transportation	231 769		231 769
Environmental Protection	262 219		262 219
Cultural and Recreational	<u>20 000</u>		<u>20 000</u>
Total Expenditures	<u>1 749 610</u>		<u>1 749 610</u>
Revenues Over (Under) Expenditures	<u>380 031</u>	<u>13</u>	<u>380 044</u>
Fund Balances:			
Beginning of Year	<u>2 558 152</u>	<u>16 430</u>	<u>2 574 582</u>
End of Year	<u>\$ 2 938 183</u>	<u>\$ 16 443</u>	<u>\$ 2 954 626</u>

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

TOWN OF BRYSON CITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total Governmental Funds (Exhibit 4)		\$ 380 044
Amounts reported for <i>Governmental Activities</i> in the Statement of Activities (Exhibit 2) are different because:		
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which Capital Outlays \$120 824 was less than depreciation \$204 301 in the current period.		(83 477)
Contributions to the Pension Plan in the current fiscal year are not included in the Statement of Activities		68 637
Benefit payments paid for LEOSA are not included in the Statement of Activities		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		10 344
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
	Pension Expense	\$ (102 366)
	Compensated Absences	(7 085)
		<u>(109 451)</u>
Change in Net Position of Governmental Activities (Exhibit 2)		<u>\$ 266 097</u>

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

TOWN OF BRYSON CITY
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXHIBIT 5

General Fund				
	Original Budget	Final Budget	Actual	Variances With Final Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 526 700	\$ 526 700	\$ 605 448	\$ 78 748
Local Option Sales Tax	279 400	459 055	620 073	161 018
Unrestricted Intergovernmental	362 000	374 710	339 794	(34 916)
Restricted Intergovernmental	170 700	188 796	220 895	32 099
Sales and Services	165 450	165 300	198 006	32 706
Investment Earnings	9 000	1 000	1 136	136
Miscellaneous	100 000	112 525	144 289	31 764
Total Revenues	<u>1 613 250</u>	<u>1 828 086</u>	<u>2 129 641</u>	<u>301 555</u>
Expenditures:				
Current:				
General Government	375 025	377 783	348 745	29 038
Public Safety	839 550	921 946	886 877	35 069
Transportation	134 750	242 638	231 769	10 869
Environmental Protection	243 925	265 719	262 219	3 500
Cultural and Recreational	20 000	20 000	20 000	
Total Expenditures	<u>1 613 250</u>	<u>1 828 086</u>	<u>1 749 610</u>	<u>78 476</u>
Revenues Over (Under) Expenditures			<u>380 031</u>	<u>380 031</u>
Fund Balance:				
Beginning of Year, July 1			<u>2 558 152</u>	
End of Year, June 30			<u>\$ 2 938 183</u>	

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

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION-PROPRIETARY FUND
JUNE 30, 2021

<u>ASSETS</u>	<u>June 30, 2021</u>
Current Assets:	
Cash and Cash Equivalents	\$ 752 518
Restricted Cash and Cash Equivalents	95 963
Accounts Receivable	146 352
Inventories	66 527
Total Current Assets	<u>1 061 360</u>
NonCurrent Assets:	
Fixes Assets - Net	<u>8 763 852</u>
Total Assets	<u>\$ 9 825 212</u>
<u>Deferred Outflows of Resources</u>	<u>116 765</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current Liabilities:	
Accounts Payable and Accrued Expenses	49 613
Customer Deposits	95 963
Accrued Compensated Absences	39 760
Long Term Debt - Current Portion	216 948
Total	<u>402 284</u>
NonCurrent Liabilities:	
Long Term Debt - Noncurrent Portion	1 886 307
Net Pension Liability	207 973
Total Noncurrent Liabilities	<u>2 094 280</u>
Total Liabilities	<u>2 496 564</u>
<u>Deferred Inflows of Resources</u>	<u>19 012</u>
Net Position:	
Net Investment in Capital Assets	6 660 597
Unrestricted	<u>765 804</u>
Total Net Position	<u>\$ 7 426 401</u>

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

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Enterprise Fund <u>Water and Sewer</u>
<u>Operating Revenues</u>	
Charges for Services	<u>\$1 553 312</u>
<u>Operating Expenses</u>	
Water and Sewer Operations	1 239 953
Depreciation	<u>515 540</u>
Total Operating Expenses	<u>1 755 493</u>
Operating Income (Loss)	<u>(202 181)</u>
Non-Operating Revenues (Expenses):	
Interest Earned on Investments	1 096
Interest Expense on Debt	(53 897)
Other	83 920
Gain (Loss) on Disposal of Assets	<u>(8 234)</u>
Total Nonoperating Revenues (Expenses)	<u>22 885</u>
Income (Loss) Before Capital and Contributions	(179 296)
Capital Contributions	<u>147 491</u>
Change in Net Position	(31 805)
Net Position - Beginning of Year	<u>7 458 206</u>
Net Position - End of Year	<u>\$7 426 401</u>

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

TOWN OF BRYSON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Proprietary Fund
	Water and Sewer
Cash Flows From Operating Activities:	
Cash Received From Customers and Users	\$1 583 616
Cash Paid For Goods and Services	(733 718)
Cash Payments To Employees for Services	(449 339)
Customer Deposits Received (Refund)	5 874
Net Cash Provided From Operating Activities	<u>406 433</u>
Cash Flows From Capital and Related Financing Activities:	
Capital Contributions	147 491
Debt Principal Paid	(215 625)
Interest Paid	(53 897)
Acquisition of Capital Assets	(109 711)
Other Income	83 920
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(147 822)</u>
Cash Flows From Investing Activities:	
Interest Income	<u>1 096</u>
Net Increase (Decrease) in Cash and Cash Equivalents	259 707
Cash and Cash Equivalents - Beginning of Year	588 774
Cash and Cash Equivalents, End of Year	<u>\$ 848 481</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (202 181)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	515 540
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable - Customers	30 304
(Increase) Decrease in Inventory	(2 574)
Increase (Decrease) in Compensated Absences	6 147
Increase (Decrease) in Accounts Payable	35 476
Increase (Decrease) in Customer Deposits	5 874
(Increase) Decrease in Deferred Outflows -Pensions	(14 667)
Increase (Decrease) in Deferred Inflows-Pensions	7 076
Increase (Decrease) in Net Pension Liability	25 438
Net Cash Provided by Operating Activities	<u>\$ 406 433</u>

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

TOWN OF BRYSON CITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Bryson City and its discretely presented component unit 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 Bryson City is a municipal corporation which is governed by an elected mayor and a four-member board. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally-separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Bryson City ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at the Town of Bryson City ABC Board, Bryson City, N. C. 28713

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

I. Summary of Significant Accounting Policies - Continued

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental fund:

Capital Project Fund. This fund is used to account for expenditures for general capital projects.

The Town reports the following major enterprise fund:

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

C. Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered as shared revenue for the Town of Bryson City because the tax is levied by Swain County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursements grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

I. Summary of Significant Accounting Policies - Continued

D. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting.

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

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

1. Deposits:

Deposits - All deposits of the Town and ABC Board are made in board-designated official depositories and are collateralized as required by G.S. 159-31. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town and ABC Board 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. The Town's and the ABC Board's investments are reported at fair value. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents:

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all cash and investments with a maturity of three months or less to be cash and cash equivalents.

3. Restricted Assets:

Enterprise Capital Projects Fund cash is restricted for future expenditures on capital projects. Customer deposits held by the Town are also shown as restricted cash. Committed LEO cash is restricted for separation allowance benefits payable in the future.

I. Summary of Significant Accounting Policies - Continued

Town of Bryson City Restricted Cash

Governmental Activities

General Fund

Public Safety- LEO \$ 67 968

Business-type Activities

Water and Sewer Fund

Customer Deposits 95 963

Total Restricted Cash \$ 163 931

4. Ad Valorem Taxes Receivable:

In accordance with [G.S. 105-347 and G.S 159-13(a)], ad valorem taxes are levied on July 1, the beginning of the fiscal year and are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

5. Allowances for Doubtful Accounts:

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

6. Inventory

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds and those of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. Capital Assets:

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5 000 and an estimated useful life in excess of one year. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Beginning July 1, 2003 general infrastructure costs are capitalized as incurred. The capitalization threshold for capitalizing infrastructure assets is \$25 000. Property, plant and equipment of the ABC Board are recorded at original cost at the time of acquisition.

I. Summary of Significant Accounting Policies - Continued

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

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	40
Improvements	40
Furniture and Equipment	5-7
Computer equipment	5

Other assets of the Town's Water and Sewer Fund are depreciated on a class life basis at the following rate:

	<u>Years</u>
Well, Pump and Pumping Station	30
Water and Sewer Lines, Hydrants and Meters	25-40
Water Improvement Facility	50
Water and Sewer Treatment Plant	30
Settlement Tank	50
Equipment and Motor Vehicles	5-10

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Building	40
Furniture and Equipment	5-10

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2021 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meet the criterion for this category -deferrals of pension expense that result from the implementation of GASB Statement 68 and 73. The funds statements also reports an additional deferred inflow - property taxes receivable.

I. Summary of Significant Accounting Policies - Continued

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. Bond premiums and discounts as well as issuance cost, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures.

10. Compensated Absences:

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

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

The ABC Board's vacation policy provides for employees to earn up to two weeks of vacation each year; however, any unused vacation may not be carried over and is canceled.

The ABC Board's sick leave policy provides for employees to accumulate twelve days per year of sick leave, which is not vested. Since the ABC Board has no obligation for sick leave until it is actually taken, no accrual has been made.

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

I. Summary of Significant Accounting Policies - Continued

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Assigned for Capital Projects - portion of fund balance that has been budgeted by the Board for future capital projects.

I. Summary of Significant Accounting Policies - Continued

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget, if any, that is not already classified in restricted or committed.

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

For purposes of fund balance classifications, funds are to be spent from restricted fund balance first followed by committed fund balance, assigned fund balance and last unassigned fund balance. The Town of Bryson City has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 24% of budgeted expenditures.

12. Uses of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Defined Benefit Cost Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Bryson City's employer contributions are recognized when due and the Town of Bryson City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Detail Notes on All Funds

A. Assets:

1. Deposits: - All the deposits of the Town and the ABC Board 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 or the ABC Board's agents in the units' 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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for

undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2021 the Town's deposits had a carrying amount of \$2 718 422 and a bank balance of \$2 836 953. The carrying amount of deposits for the ABC Board was \$449 277 and the bank balance was \$808 956. The bank balances of the Town and the ABC Board were fully covered by federal depository insurance or other sufficient collateral held under the pooling method.

2. Investments - At June 30, 2021, the Town of Bryson City had \$1 033 123 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poors and AAAM-mf by Moody's Investors Services. The Town has no policy regarding credit risk.
3. Receivables - Allowances for Doubtful Accounts - The receivables shown in the balance sheet and Statement of Net Position are presented net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30,</u> <u>2021</u>
General Fund - Revolving Loans	\$ 8 000
General Fund - Property Taxes	23 902
Utility Fund - Utilities	5 000
Total	<u>\$ 36 902</u>

Receivables - Net of Allowances for Doubtful Accounts:

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

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Local Option</u>	<u>Revolving Loans</u>	<u>Total</u>
Governmental Activities:						
General	\$ 6 567	\$ 19 853	\$ 50 525	\$ 106 471	\$ 8 000	\$ 191 416
Less Allowance for doubtful accounts			23 902		8 000	31 902
Total-governmental activities	<u>\$ 6 567</u>	<u>\$ 19 853</u>	<u>\$ 26 623</u>	<u>\$ 106 471</u>	<u>\$</u>	<u>\$ 159 514</u>
Business-type Activities:						
Water and Sewer	\$ 2 404	\$ 148 948	\$	\$	\$	\$ 151 352
Less Allowance for doubtful accounts		5 000				5 000
Total business-type activities	<u>\$ 2 404</u>	<u>\$ 143 948</u>		<u>\$</u>	<u>\$</u>	<u>\$ 146 352</u>

4. Capital Assets

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

Primary Government:	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 596 405	\$	\$	\$ 596 405
Total	<u>596 405</u>			<u>596 405</u>
Capital assets being depreciated:				
Infrastructure	1 209 405	25 860		1 235 265
Buildings	3 174 017			3 174 017
Equipment	<u>1 601 901</u>	<u>94 964</u>		<u>1 696 865</u>
Total capital assets being depreciated	<u>5 985 323</u>	<u>120 824</u>		<u>6 106 147</u>
Less accumulated depreciation for:				
Infrastructure	340 878	24 447		365 325
Building	1 529 283	77 727		1 607 010
Equipment	<u>1 190 924</u>	<u>102 127</u>		<u>1 293 051</u>
Total accumulated depreciation	<u>3 061 085</u>	<u>204 301</u>		<u>3 265 386</u>
Total capital assets being depreciated, net	<u>2 924 238</u>	<u>(83 477)</u>		<u>2 840 761</u>
Governmental activity capital assets, net	<u>\$3 520 643</u>	<u>\$ (83 477)</u>	<u>\$</u>	<u>\$3 437 166</u>

Depreciation expense was charged to function/programs as follows:

Governmental activities:	
General government	\$ 81 042
Public safety	57 934
Transportation	34 977
Environmental Protection	<u>30 348</u>
Total depreciation expense - governmental activities	<u>\$ 204 301</u>

II. Detail Notes on All Funds - Continued

	Beginning Balances	Increases	Decreases	Reclassification	Ending Balances
Business-type activities:					
Water & Sewer Fund					
Capital assets not being depreciated:					
Land	\$ 294 397	\$	\$	\$	\$ 294 397
Total Capital Assets					
Not Being Depreciated	294 397				294 397
Capital assets being depreciated:					
Distribution Systems	14 985 236	79 274	74 938		14 989 572
Equipment	1 571 831	30 437			1 602 268
Total capital assets being depreciated	16 557 067	109 711	74 938		16 591 840
Less accumulated depreciation for:					
Distribution Systems	6 793 129	415 038	66 704		7 141 463
Equipment	880 420	100 502			980 922
Total accumulated depreciation	7 673 549	515 540	66 704		8 122 385
) Total capital assets being depreciated, net	8 883 518	(405 829)	8 234		8 469 455
Water & Sewer fund capital assets, net	\$ 9 177 915	\$ (405 829)	\$ 8 234	\$	\$ 8 763 852

Discretely presented component unit:
Capital asset activity for the ABC Board
for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business - type activity:				
Capital assets, not being depreciated:				
Land	\$ 47 665	\$	\$	\$ 47 665
Capital assets being depreciated				
Building	415 065			415 065
Equipment	90 917			90 917
Total Capital Assets being depreciated	505 982			505 982
Less accumulated depreciation for:				
Building	209 601	13 450		223 051
Equipment	72 253	5 152		77 405
Total accumulated depreciation	281 854	18 602		300 456
Total capital assets being depreciated - net	224 128	(18 602)		205 526
Business Type Capital Assets - net	\$ 271 793	\$ (18 602)	\$	\$ 253 191

II. Detail Notes on All Funds - Continued

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employee's Retirement System

Plan Description - The Town of Bryson City is a participating employer in the statewide Local Governmental Employee's Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the 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 LGERS. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided - LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or

within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor' Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Bryson City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Bryson City's contractually required contribution rate for the year ended June 30, 2021, was 10.22% of compensation for general employees, and 10.84% for law enforcement officers, actuarially as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bryson City were \$114 395 for the year ended June 30, 2021.

Refunds of Contributions - Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, The Town reported a liability of \$519 933 for its proportionate share of the net pension liability. 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 future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.0146%, which was an decrease of 0.0021% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$44 619. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65 658	\$
Changes of assumptions	38 693	
Net difference between projected and actual earnings on pension plan investments	73 166	
Changes in proportion and differences between Town contributions and proportionate share of contributions		47 529
Town contributions subsequent to the Measurement date	114 395	
Total	<u>\$ 291 912</u>	<u>\$ 47 529</u>

\$114 395 reported as deferred outflows of resources related to Pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 31 065
2023	49 876
2024	27 395
2025	21 654
Total	<u>\$ 129 990</u>

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$1 054 888	\$ 519 933	\$ 75 348

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.

c. Law Enforcement Officers Special Separation Allowance

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

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	- 1 -
Terminated plan members entitled to but not yet receiving benefits	- 0 -
Active plan members	<u>5</u>
Total	<u>6</u>

II. Detail Notes on All Funds - Continued

(2) Summary of Significant Accounting Policies

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

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

- (3) Actuarial Assumptions - The entry age actuarial cost method was used in the December 31, 2019 valuation. 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	2.5 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

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

- (4) Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$11 501 in benefits for the reporting period.

II. Detail Notes on All Funds - Continued

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

At June 30, 2021, the Town reported a total pension liability of \$184 219. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$18 458.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44 329	\$ 25 260
Changes of assumptions	38 701	2 599
Total	<u>\$ 83 030</u>	<u>\$ 27 859</u>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 9 653
2023	9 778
2024	10 447
2025	15 301
2026	9 992

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$196 547	\$ 184 219	\$ 172 798

II. Detail Notes on All Funds - Continued

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

	<u>2021</u>
Beginning balance	\$ 90 798
Service Cost	6 032
Interest on the total pension liability	2 773
Changes of benefit terms	
Differences between expected and actual experience in the measurement of the total pension liability	54 008
Changes of assumptions or other inputs	42 109
Benefit payments	(11 501)
Other Changes	
Ending balance of the total pension liability	<u>\$ 184 219</u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 44 619	\$ 18 458	\$ 63 077
Pension Liability	519 933	184 219	704 152
Proportionate share of the net pension liability	.0146	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	65 658	44 329	109 987
Changes of Assumptions	38 693	38 701	77 394
Net difference between projected and actual earnings on plan investments	73 166		73 166
Changes in proportion and differences between contributions and proportionate share of contributions			
Benefit payments and administrative costs paid subsequent to the measurement date	<u>114 395</u>	<u> </u>	<u>114 395</u>
Total Deferred Outflows of Resources	<u>\$291 912</u>	<u>\$ 83 030</u>	<u>\$374 942</u>

	LGERS	LEOSSA	TOTAL
Deferred Inflows of Resources			
Differences between expected and actual experience	\$	\$25 260	\$ 25 260
Changes of Assumptions		2 599	2 599
Net differences between projected and actual earnings on plan investments			
Changes in proportionate and differences between contributions and proportionate share of contributions	47 529		47 529
Total Deferred Inflows of Resources	\$47 529	\$27 859	\$ 75 388

Supplemental Retirement Income Plan for Law Enforcement Officers -

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$14 804 for the reporting year. No amounts were forfeited.

d. ABC Board - Local Government Employees' Retirement System

- (1) Plan Description - Town of Bryson City ABC Board contributes to the statewide Local Government Employees' Retirement System (LGERS), a cost sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employees' Retirement System 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 LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699.

- (2) Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The ABC Board is required to contribute at an actuarially determined rate. The ABC Board's current rate for employees is 10.22% of annual covered payroll. The contribution requirements of members and the ABC Board are established and may be amended by the North Carolina General Assembly. The Board's contribution for the years ending June 30, 2021, and 2020 were \$12 280 and \$12 299 respectively.

2. Payables - Payables and accrued liabilities at June 30, 2021 were as follows at the government-wide level:

	<u>Vendors</u>	<u>Other</u>	<u>Total</u>
Governmental Activities	\$ 3 469	\$ 77 860	\$ 81 329
Business-type Activities	\$ 25 943	\$ 23 670	\$ 49 613

3. Deferred Outflows/Inflows of Resources

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

Contribution to LGERS made subsequent to measurement dates	\$114 395
Differences between expected and actual experience	109 987
Changes of assumptions	77 394
Net difference between projected and actual	73 166
Total	<u>\$374 942</u>

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

	<u>Funds Statement</u>	<u>Government Wide</u>
Changes in assumptions	\$	\$ 2 599
Taxes receivable, less penalties (General Fund)	26 623	
Differences between expected and actual experience		25 260
Changes in proportion and differences between employer contributions and proportionate share of contributions		47 529
Total	<u>\$ 26 623</u>	<u>\$ 75 388</u>

4. Risk Management - The Town is exposed to various risks of losses 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

II. Details on All Funds - Continued:

administered by the North Carolina League of Municipalities. The Town does not carry any type of flood insurance at this time.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$125 000 and \$10 000 respectively.

Through these pools, the Town has property coverage up to \$10 682 435, worker's compensation coverage of up to statutory limits, and employee health coverage up to \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims of \$500 000 for property and \$300 000 up to statutory limit, for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150 000. The property liability pool has an aggregated limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The town carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the past three years.

The ABC Board is exposed to various risks of lost related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, worker's compensation and employee health coverage. The ABC Board also has liquor legal liability. Claims have not exceeded coverage in any of the last three years.

5. Long-Term Obligations:

a. Capital Leases:

Capital lease for the purchase of vehicles and equipment are treated as purchases at the inception of the contract and are carried in the General Fund. Capital leases for the acquisition of water and sewer assets are carried in the Enterprise Fund. The Town had the following capital leases at June 30, 2021:

<u>Description</u>	<u>Cost</u>	<u>Date</u>	<u>Term</u>	<u>Rate</u>	<u>Payment Amount</u>
Enterprise Fund:					
Camera System	\$ 98 000	10-18-17	5 Yrs.	2.22%	\$17 439 Ann.
Vac Con Truck	\$131 250	11-18 17	6 Yrs.	2.22%	\$23 292 Ann.
Roll Back Truck	\$114 000	11-15-19	3 Yrs.	2.61%	\$ 3 367 Mon.

The following is an analysis of the assets recorded under capital leases at June 30, 2021:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 98 000	\$ 34 300	\$ 63 700
Vehicles	245 250	80 138	165 112
Total	<u>\$343 250</u>	<u>\$114 438</u>	<u>\$228 812</u>

II. Detail Notes on All Funds - Continued:

- b. Bonded Indebtness
Direct placement general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer systems and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All bonds are collateralized by the faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.
- c. ARRA Loan
The Town has been awarded an American Recovery and Reinvestment Act of 2020 direct placement loan. The loan is for 20 years at zero interest with annual payments of \$4 163, balance \$37 468.
- d. Clean Water Loan
The Town received a \$633 855 direct placement Clean Water Revolving Loan. The loan is for 20 years at 2.46% interest. Annual principle payments are \$31 693. The balance at June 30, 2021 was \$380 313.
- e. Drinking Water Loan
The Town has received a \$1 043 996 direct placement Drinking Water Revolving Loan. The loan is for 20 years at zero interest. Annual payments are \$58 000, balance \$753 997.
- f. Bonds payable at June 30, 2021 are comprised of the following issues:

Serviced by the Water and Sewer Fund:
\$1 499 000 direct placement water and sewer bonds issued on August 7, 1995 due in annual installments ranging from \$16 000 to \$64 000 through June 1, 2035; interest at 4.5 percent. \$ 803 000

In the event of default on bonded debt, the Town agrees to pay USDA, on demand, interest on any amounts due under the related agreement.

The Town's legal debt margin at June 30 2021, was \$11 449 522.

The following table summarizes the annual requirement to amortize all long-term obligations.

	Direct Placement Water and Sewer Bonds		Direct Placement Water and Sewer ARRA Loan		Direct Placement Water and Sewer Clean Water Loan		Direct Placement Water and Sewer Drinking Water Loan		Water and Sewer Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year:												
2022	\$ 45 000	\$ 36 135	\$ 4 163	\$	\$ 31 693	\$ 9 337	\$ 58 000	\$	\$ 78 092	\$ 3 224	\$ 216 948	\$ 48 696
2023	47 000	34 110	4 163		31 693	8 559	58 000		50 385	423	191 241	43 092
2024	49 000	31 995	4 163		31 693	7 781	58 000				142 856	39 776
2025	51 000	29 790	4 163		31 693	7 003	58 000				144 856	36 793
2026	53 000	27 495	4 163		31 693	6 224	58 000				146 856	33 719
2027 - 2031	302 000	99 315	16 653		158 465	21 786	290 000				767 118	121 101
2032 - 2036	256 000	28 800			63 383	2 334	173 997				493 380	31 134
Total	\$ 803 000	\$ 287 640	\$ 37 468	\$	\$ 380 313	\$ 63 024	\$ 753 997	\$	\$ 128 477	\$ 3 647	\$ 2 103 255	\$ 354 311

g. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30,2021:

<u>Governmental Activity:</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Net Pension Liability (LGERS)	\$ 273 802	\$ 38 158	\$	\$ 311 960	
Total Pension Liability (LEO)	90 798	93 421		184 219	
Compensated Absences	<u>31 378</u>	<u>7 085</u>	<u></u>	<u>38 463</u>	<u>38 463</u>
Totals	<u>\$ 395 978</u>	<u>\$ 138 664</u>	<u>\$</u>	<u>\$ 534 642</u>	<u>\$ 38 463</u>
<u>Business Type Activity:</u>					
Net Pension Liability (LGERS)	\$ 182 535	\$ 25 438	\$	\$ 207 973	\$
Capital Leases	207 246		78 769	128 477	78 092
Direct Placement General Obligation Bond	846 000		43 000	803 000	45 000
Direct Placement ARRA Loan	41 631		4 163	37 468	4 163
Direct Placement Clean Water Revolving Loan	412 006		31 693	380 313	31 693
Direct Placement Drinking Water Revolving Loan	811 997		58 000	753 997	58 000
Compensated Absences	<u>33 613</u>	<u>6 147</u>	<u></u>	<u>39 760</u>	<u>39 760</u>
Totals	<u>\$ 2 535 028</u>	<u>\$ 31 585</u>	<u>\$ 215 625</u>	<u>\$ 2 350 988</u>	<u>\$ 256 708</u>

6. Fund Balance

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

Total fund balance - General Fund	\$ 2 938 183
Less:	
Stabilization by State Statute	(132 891)
Appropriated Fund Balance in 2021-2022	
Budget	(639 159)
Committed - Leo Retirement	(67 698)
Fund Balance Policy	<u>(419 906)</u>
Remaining Fund Balance	<u>\$ 1 678 529</u>

The Town of Bryson City has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 24% of expenditures.

III. Subsequent Events:

Subsequent events have been evaluated through October 4, 2021, which is the date the financial statements were available to be issued.

IV. Summary Disclosure of Significant Contingencies:

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

Town of Bryson City, North Carolina
Town of Bryson City's Proportionate Share of
Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years *

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bryson City's proportion of the net pension liability (asset) (%)	.0146%	.01671%	.01668%	.01837%	.01804%	.01759%	.01734%	.01610%
Bryson City's proportion of the net pension liability (asset) (\$)	\$ 519 933	\$ 456 337	\$ 395 707	\$ 280 643	\$ 382 869	\$ 78 943	\$ (102 262)	\$ 194 067
Bryson City's covered-employee payroll	\$ 992 859	\$ 978 814	\$ 931 926	\$ 946 465	\$ 925 743	\$ 716 540	\$ 612 801	\$ 518 200
Bryson City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.37%	46.62%	42.46%	29.65%	41.36%	11.02%	(16.69%)	37.45%
Plan fiduciary net position as a percentage of the total pension liability **	88.61%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

Town of Bryson City, North Carolina
Town of Bryson City's Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 114 395	\$ 91 605	\$ 71 131	\$ 72 624	\$ 71 633	\$ 63 733	\$ 50 946	\$ 43 754
Contributions in relation to the contractually required contribution	<u>114 395</u>	<u>91 605</u>	<u>71 131</u>	<u>72 624</u>	<u>71 633</u>	<u>63 733</u>	<u>50 946</u>	<u>43 754</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Bryson City's covered-employee payroll	\$1 101 361	\$ 992 859	\$ 978 814	\$ 931 926	\$ 946 465	\$ 925 743	\$ 716 540	\$ 612 801
Contributions as a percentage of covered-employee payroll	10.39%	9.23%	7.27%	7.79%	7.57%	6.88%	7.11%	7.14%

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

Town of Bryson City
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 90 798	\$ 91 516	\$ 93 472	\$ 109 769	\$ 103 044
Service Cost	6 032	5 952	6 932	6 323	5 476
Interest on the total pension liability	2 773	3 304	2 954	4 237	3 679
Changes of benefit terms					
Differences between expected and actual experience					
in the measurement of the total pension liability	54 008	(10 837)	(8 078)	(33 031)	
Changes of assumptions or other inputs	42 109	2 354	(3 764)	6 174	(2 430)
Benefit payments	(11 501)	(1 491)			
Other Changes					
Ending balance of the total pension liability	<u>\$ 184 219</u>	<u>\$ 90 798</u>	<u>\$ 91 516</u>	<u>\$ 93 472</u>	<u>\$ 109 769</u>

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

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

Town of Bryson City
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 184 219	\$ 90 798	\$ 91 516	\$ 93 472	\$ 109 769
Covered Payroll	226 703	335 657	314 874	320 670	300 698
Total pension liability as a percentage of covered payroll	81.3%	27.1%	29.1%	29.2%	36.5%

Notes to the schedules:

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

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	<u>2021</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2020</u> <u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Current Year	\$ 514 700	\$ 569 118	\$ 54 418	\$ 553 907
Prior Years	9 000	30 238	21 238	7 753
Penalties and Interest	3 000	6 092	3 092	3 956
Total	<u>526 700</u>	<u>605 448</u>	<u>78 748</u>	<u>565 616</u>
Other Taxes and Licenses:				
Local Option Sales Tax	459 055	499 499	40 444	397 866
Hold Harmless		120 574	120 574	110 788
Total	<u>459 055</u>	<u>620 073</u>	<u>161 018</u>	<u>508 654</u>
Unrestricted				
Intergovernmental:				
Payments in Lieu of Taxes	7 000	8 255	1 255	8 572
Utilities Sales Tax	140 000	139 389	(611)	147 704
Beer and Wine Taxes	7 000	6 219	(781)	6 400
ABC Distribution	173 931	185 931	12 000	207 400
Sales Tax Refund	46 779		(46 779)	
Total	<u>374 710</u>	<u>339 794</u>	<u>(34 916)</u>	<u>370 076</u>
Restricted Intergovernmental:				
Federal and State Grants	106 314	137 903	31 589	138 988
Facility Fees	100	103	3	83
Powell Bill Allocation	41 782	41 782		44 306
Swain County Reimbursement	40 000	40 000		40 000
Solid Waste Disposal Tax	600	1 107	507	1 139
Total	<u>188 796</u>	<u>220 895</u>	<u>32 099</u>	<u>224 516</u>
Sales and Service:				
Permits	300	1 150	850	1 020
Garbage Fee	165 000	188 056	23 056	176 268
Interest & Principal				
Received-Building Facade		8 800	8 800	6 862
Total	<u>165 300</u>	<u>198 006</u>	<u>32 706</u>	<u>184 150</u>
Interest Earned	<u>1 000</u>	<u>1 136</u>	<u>136</u>	<u>12 506</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>	<u>Actual</u>
			<u>(Unfavorable)</u>	
Revenues:				
Miscellaneous:				
Building Lease	\$ 77 000	\$ 77 265	\$ 265	\$ 78 065
Contributions	10 000	8 947	(1 053)	11 046
Insurance Reimbursement		543	543	21 125
Sale of Fixed Assets	975		(975)	11 484
Other	24 550	57 534	32 984	8 156
Total	<u>112 525</u>	<u>144 289</u>	<u>31 764</u>	<u>129 876</u>
Total Revenues	<u>1 828 086</u>	<u>2 129 641</u>	<u>301 555</u>	<u>1 995 394</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries		15 415		15 620
Insurance		2 278		2 186
FICA		1 205		1 181
Travel and Miscellaneous		1 935		1 833
Total	<u>20 885</u>	<u>20 833</u>	<u>52</u>	<u>20 820</u>
Administration:				
Salaries		119 496		114 109
Professional Services		23 784		23 280
FICA		8 597		8 393
Group Insurance		26 287		25 215
Retirement		12 051		10 447
Telephone and Postage		14 837		12 875
Travel and Seminars		230		489
Equipment Rental		6 468		5 574
Advertising		921		280
Departmental Supplies		3 095		3 116
Dues and Subscriptions		6 864		6 688
Insurance and Bonds		25 857		28 295
Miscellaneous		353		448
Capital Outlay				3 300
Total	<u>269 125</u>	<u>248 840</u>	<u>20 285</u>	<u>242 509</u>
Legal and Finance:				
Professional Services		12 434		8 500
Total	<u>12 535</u>	<u>12 434</u>	<u>101</u>	<u>8 500</u>
Elections:				
Professional Services				7 114
Total				<u>7 114</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Expenditures:				
Public Buildings:				
Salaries	\$	\$ 29 510	\$	\$ 27 311
FICA		2 027		1 933
Group Insurance		9 453		9 036
Retirement		2 952		2 488
Utilities		11 133		14 493
Repairs and Maintenance		4 344		9 650
Telephone and Postage		2 631		2 039
Supplies and Other		4 588		4 670
Total	<u>75 238</u>	<u>66 638</u>	<u>8 600</u>	<u>71 620</u>
Total General Government	<u>377 783</u>	<u>348 745</u>	<u>29 038</u>	<u>350 563</u>
Public Safety:				
Police Department:				
Salaries	\$	\$ 332 014	\$	\$ 309 879
Professional Services		2 855		3 465
FICA		24 852		23 580
Group Insurance		66 651		59 171
Retirement		61 180		48 529
Telephone and Postage		15 457		13 379
Repairs and Maintenance -				
Radios and Equipment		790		1 003
Autos		6 530		6 748
Automotive Supplies		15 710		14 040
Departmental Supplies		8 324		11 011
Uniforms		8 361		9 666
General Insurance		8 261		8 771
Dispatcher		35 067		
Other		2 075		2 033
Capital Outlay		75 425		55 977
Total	<u>674 466</u>	<u>663 552</u>	<u>10 914</u>	<u>567 252</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Expenditures:				
Fire and Rescue:				
Salaries	\$	\$ 59 779	\$	\$ 17 579
FICA		4 286		1 233
Group Insurance		10 928		1 755
Retirement		5 877		1 504
Repairs and Maintenance -				
Radio and Vehicles		22 103		16 776
Travel and Seminars		35		563
Automotive Supplies		5 164		1 605
Departmental Supplies		92 912		144 759
General Insurance		1 740		544
Other		452		724
Professional Services		1 633		3 435
Fire Marshall		18 416		
Capital Outlay				
Total	<u>247 480</u>	<u>223 325</u>	<u>24 155</u>	<u>190 477</u>
Total Public Safety	<u>921 946</u>	<u>886 877</u>	<u>35 069</u>	<u>757 729</u>
Transportation:				
Street Department:				
Salaries		14 345		13 540
Professional Services		650		20 075
FICA		983		953
Group Insurance		4 806		4 588
Retirement		1 436		1 234
Street Lighting		32 376		41 754
Repairs and Maintenance		3 100		1 357
Automotive Supplies		2 161		2 331
Departmental Supplies		22 782		5 368
Telephone and Postage		579		488
Paving		117 775		78 019
Contract Services		4 022		15 600
General Insurance		674		680
Other		220		
Capital Outlay		25 860		23 750
Total Transportation	<u>242 638</u>	<u>231 769</u>	<u>10 869</u>	<u>209 737</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Environmental Protection:				
Sanitation:				
Salaries		102 200		96 853
FICA		7 501		7 173
Group Insurance		36 721		32 010
Retirement		10 361		8 767
Repairs and Maintenance		3 092		4 051
Automotive Supplies		10 544		6 681
Departmental Supplies		3 032		789
General Insurance		4 866		4 812
Telephone and Postage		745		730
Uniforms and Miscellaneous		173		564
Fees Paid to State		1 935		1 906
Capital Outlay				141 677
Total	<u>184 277</u>	<u>181 170</u>	<u>3 107</u>	<u>306 013</u>
Public Lands:				
Salaries		26 430		23 395
Professional Services		17 506		
FICA		1 898		1 746
Group Insurance		9 453		9 036
Retirement		2 636		2 128
General Insurance		1 238		1 162
Departmental Supplies		1 293		801
Repairs and Maintenance		1 004		297
Other		53		726
Capital Outlay		19 538		14 192
Total	<u>81 442</u>	<u>81 049</u>	<u>393</u>	<u>53 483</u>
Total Environmental Protection	<u>265 719</u>	<u>262 219</u>	<u>3 500</u>	<u>359 496</u>
Cultural and Recreational:				
Various Agency Appropriations	<u>20 000</u>	<u>20 000</u>		<u>88 599</u>
Total Expenditures	<u>1 828 086</u>	<u>1 749 610</u>	<u>78 476</u>	<u>1 766 124</u>

TOWN OF BRYSON CITY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues Over (Under)				
Expenditures		380 031	380 031	229 270
Other Financing Sources (Uses):				
Transfers (to) from				
Other Funds				(169 000)
Revenues and Other Financing				
Sources Over (Under)				
Expenditures and Other				
Financing Uses	\$	\$ 380 031	\$ 380 031	\$ 60 270
Fund Balance,				
Beginning of Year		2 558 152		
End of Year		\$2 938 183		

TOWN OF BRYSON CITY
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Nonoperating Revenues:				
Interest Earned	\$	\$ 13	\$ 13	\$ 16
Expenditures:				
Future Capital Outlay	1 000		1 000	
Revenue Over (Under)				
Expenditures	(1 000)	13	1 013	16
Other Financing Sources (Uses)				
Appropriated Fund Balance	1 000		(1 000)	
Total Other Financing Sources (Uses)	1 000		(1 000)	
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	\$ 13	\$ 13	\$ 16
Fund Balance - Beginning of Year		16 430		16 414
Fund Balance - End of Year		\$ 16 443		\$ 16 430

TOWN OF BRYSON CITY
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Operating Revenues:				
Water and Sewer Charges	\$1 368 000	\$1 476 052	\$ 108 052	\$1 388 472
Taps and Connection Fees	22 000	77 260	55 260	59 060
Total	1 390 000	1 553 312	163 312	1 447 532
Nonoperating Revenues:				
Interest Income	5 000	914	(4 086)	4 682
Sales Tax Refund	76 000	32 810	(43 190)	4 590
Grants	72 800	72 808	8	115 560
Miscellaneous	30 000	51 110	21 110	41 193
Total	183 800	157 642	(26 158)	166 025
Other Financing Sources:				
Appropriated Fund Balance	5 000		(5 000)	
Financing Proceeds				114 000
Transfers from Other				
Funds	295 000	306 963	11 963	169 000
Total	300 000	306 963	6 963	283 000
Total Revenues	1 873 800	2 017 917	144 117	1 896 557
Expenditures:				
Water and Sewer Distribution:				
Salaries		292 879		275 870
Professional Services		53 222		138 120
Retirement		29 495		25 208
FICA		21 042		20 312
Group Insurance		73 053		69 736
Distribution and Collection		77 936		110 665
Contract Work		3 000		3 600
Other Insurance		17 788		16 975
Repairs and Maintenance		14 163		14 403
Departmental Supplies		47 107		34 914
Telephone and Postage		15 544		17 137
Utilities		37 377		34 085
Dues and Subscriptions		2 144		4 415
Other		2 838		4 321
Total	738 985	687 588	51 397	769 761
Water Treatment Plant:				
Salaries		162 607		134 094
Professional Services		73 243		86 159
Telephone and Postage		3 620		4 210
Utilities		81 967		85 394
Retirement		16 564		12 181
FICA		11 956		9 882
Group Insurance		36 374		33 125
Other Insurance		16 578		15 011
Repairs and Maintenance		9 624		33 568
Contract Work		20 844		16 530
Departmental Supplies		87 982		76 735
Other		9 586		6 957
Total	603 610	530 945	72 665	513 846

TOWN OF BRYSON CITY
WATER AND SEWER FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2020

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Non-Operating Expenditures:				
Budgetary Expenditures:				
Interest Expense	\$ 54 000	\$ 53 897	\$ 103	\$ 57 018
Principal Paid	216 000	215 625	375	196 291
Capital Outlay	261 205	61 182	200 023	555 279
Total	531 205	330 704	200 501	808 588
Total Expenditures	1 873 800	1 549 237	324 563	2 092 195
Revenues and Other Sources				
Over (Under) Expenditures	\$	\$ 468 680	\$ 468 680	\$ (195 638)

Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:

Revenue and Other Sources

Over (Under) Expenditures \$ 468 680

Reconciling Items:

Add:

Increase in Inventory	\$ 2 574	
Interest Earned - Capital Projects	182	
Principal Paid	215 625	
Capital Outlay	61 182	
Increase in Deferred Outflows	14 667	
Grants Received-Capital Projects	74 683	368 913

Less:

Depreciation	\$ 515 540	
Transfer from Capital Projects	306 963	
Increase in Net Pension Liability	25 438	
Increase in Deferred Inflows	7 076	
Loss on Disposal of Assets	8 234	
Increase in Vacation Pay	6 147	(869 398)

Change in Net Position (Exhibit 7) \$ (31 805)

TOWN OF BRYSON CITY
WATER AND SEWER CAPITAL PROJECTS FUND - WATER AND SEWER LINES REPLACEMENT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2021

		Actual			Variance
	Project	Prior	Current	Total	Favorable
	Authorization	Years	Year	to Date	(Unfavorable)
Revenues:					
ARC Grant	\$ 590 000	\$ 482 476	\$ 74 683	\$ 557 159	\$ (32 841)
Investment Earnings		316	182	498	498
Total Revenues	590 000	482 792	74 865	557 657	(32 343)
Expenditures:					
Engineering	115 000	114 550		114 550	450
Construction	650 000	523 080	48 529	571 609	78 391
Total Expenditures	765 000	637 630	48 529	686 159	78 841
Revenues Over (Under) Expenditures	(175 000)	(154 838)	26 336	(128 502)	46 498
Other Financing Sources (Uses):					
Transfer From (To) Other Funds	175 000	435 465	(306 963)	128 502	(46 498)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	\$	\$ 280 627	\$ (280 627)	\$	\$

TOWN OF BRYSON CITY
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 592 934	\$ 569 118	\$ 23 816
2019-2020	35 770		20 103	15 667
2018-2019	12 971		8 022	4 949
2017-2018	2 891		1 325	1 566
2016-2017	1 465		893	572
2015-2016	340		26	314
2014-2015	285		59	226
2013-2014	1 226		115	1 111
2012-2013	1 293		79	1 214
2011-2012	1 090			1 090
2010-2011	<u>76</u>		<u>76</u>	
Total	<u>\$ 57 407</u>	<u>\$ 592 934</u>	<u>\$ 599 816</u>	<u>\$ 50 525</u>
Less Allowance for Uncollectible Accounts				<u>23 902</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 26 623</u>
Reconciliation with Revenues:				
Ad Valorem Taxes - General Fund			\$ 605 448	
Less Interest and Penalties			<u>6 092</u>	\$ 599 356
Reconciling Items:				
Amount Written Off - Per				
Statute of Limitations				76
Releases - Prior Years				<u>384</u>
Total Collections and Credits				<u>\$ 599 816</u>

TOWN OF BRYSON CITY
ANALYSIS OF CURRENT TAX LEVY
JUNE 30, 2021

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Excluding Vehicles</u>	<u>Motor Vehicles</u>
Tax Levy:					
Valuation Subject to Full Rate	\$ 153 555 714	.35	\$ 537 445	\$ 537 445	
Vehicle Taxes	10 942 286	.35	38 298		\$ 38 298
Discoveries	5 154 000	.35	18 039	18 039	
Releases	(242 286)	.35	(848)	(848)	
Net Levy	<u>\$ 169 409 714</u>		592 934	554 636	38 298
Uncollected at June 30, 2021			<u>23 816</u>	<u>23 816</u>	
Current Year's Taxes Collected			<u>\$ 569 118</u>	<u>\$ 530 820</u>	<u>\$ 38 298</u>
Percent Current Year Collected			<u>95.98%</u>	<u>95.71%</u>	<u>100.00%</u>

TOWN OF BRYSON CITY
STATEMENT OF NET POSITION
WATER AND SEWER FUND BY FUNCTION
JUNE 30, 2021

	Water	Sewer	Total
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1 464 352	\$ (711 834)	\$ 752 518
Restricted Cash and Cash Equivalents	54 699	41 264	95 963
Accounts Receivable (net)	83 421	62 931	146 352
Inventories	37 920	28 607	66 527
Total Current Assets	1 640 392	(579 032)	1 061 360
Non Current Assets:			
Capital Assets:			
Land and Construction in Progress	89 219	205 178	294 397
Other Capital Assets, Net of Depreciation	2 161 470	6 307 985	8 469 455
Total Non Current Assets	2 250 689	6 513 163	8 763 852
Total Assets	3 891 081	5 934 131	9 825 212
<u>Deferred Outflows of Resources</u>	64 221	52 544	116 765
<u>Liabilities:</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	28 279	21 334	49 613
Compensated Absences-Current	22 663	17 097	39 760
Long Term Debt - Current	35 856	181 092	216 948
Liabilities payable from restricted Assets:			
Customer Deposits	54 699	41 264	95 963
Total Current Liabilities	141 497	260 787	402 284
Non Current Liabilities:			
Net Pension Liability	118 545	89 428	207 973
Long Term Debt - Noncurrent portion	381 925	1 504 382	1 886 307
Total Non Current Liabilities	500 470	1 593 810	2 094 280
Total Liabilities	641 967	1 854 597	2 496 564
<u>Deferred Inflows of Resources</u>	10 837	8 175	19 012
<u>Net Position</u>			
Net Investment in Capital Assets	1 832 908	4 827 689	6 660 597
Unrestricted	1 469 590	(703 786)	765 804
Total Net Position	\$ 3 302 498	\$ 4 123 903	\$ 7 426 401

TOWN OF BRYSON CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charge for Services	\$ 841 350	\$ 634 702	\$ 1 476 052
Water and Sewer Taps	42 493	34 767	77
	<u>260</u>		
Total Operating Revenues	883 843	669 469	1 553
<u>312</u>			
Operating Expenses			
Water Treatment and Distribution	706 773		706 773
Waste Collection and Treatment		533 180	533 180
Depreciation	335 101	180 439	515
<u>540</u>			
Total Operating Expenses	1 041 874	713 619	1 755
	<u>493</u>		
Operating Income (Loss)	(158 031)	(44 150)	(202
<u>181)</u>			
Nonoperating Revenues (Expenses)			
Investment Earnings	767	329	1 096
Interest and Other Charges	(10 115)	(43 782)	(53 897)
Other	54 548	29 372	83 920
Gain (Loss) on Disposal of Assets	(8 234)		(8 234)
Total Nonoperating Revenues			
(Expenses)	36 966	(14 081)	22 885
Capital Contributions	82 514	64 977	147 491
Change in Net Position	(38 551)	6 746	(31 805)
Total Net Position -			
Beginning of Year	3 341 049	4 117 157	7 458 206
Total Net Position -			
End of Year	<u>\$ 3 302 498</u>	<u>\$ 4 123 903</u>	<u>\$ 7 426 401</u>

TOWN OF BRYSON CITY
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 902 661	\$ 680 955	\$ 1 583 616
Cash Paid for Goods and Services	(418 219)	(315 499)	(733 718)
Cash Paid To or On Behalf of			
Employees for Services	(256 123)	(193 216)	(449 339)
Customer Deposits Received	3 524	2 350	5
	<u>874</u>		
Net Cash Provided (Used) by			
Operating Activities	<u>231 843</u>	<u>174 590</u>	<u>406 433</u>
Cash Flows From Capital and Related			
Financing Activities:			
Acquisition and Construction of			
Capital Assets	(71 312)	(38 399)	(109 711)
Principal Paid on Debt	(35 856)	(179 769)	(215 625)
Interest Paid on Debt	(10 115)	(43 782)	(53 897)
Other Income	54 548	29 372	83 920
Capital Contributions	82 514	64 977	147 491
Net Cash Provided (Used) By			
Capital and Related Financing			
Activities	<u>19 779</u>	<u>(167 601)</u>	<u>(147 822)</u>
Cash Flows From Investing Activities:			
Interest Earned	<u>767</u>	<u>329</u>	<u>1 096</u>
Net Increase (Decrease) in Cash			
and Cash Equivalents	252 389	7 318	259 707
Balances - Beginning	<u>1 266 662</u>	<u>(677 888)</u>	<u>588 774</u>
Balances - Ending	<u>\$ 1 519 051</u>	<u>\$ (670 570)</u>	<u>\$ 848</u>
	<u>481</u>		

TOWN OF BRYSON CITY
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (158 031)	\$ (44 150)	\$ (202 181)
Adjustments to reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	335 101	180 439	515 540
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	17 273	13 031	30 304
(Increase) Decrease in Inventory	(1 467)	(1 107)	(2 574)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	3 504	2 643	6 147
Increase in Customer Deposits	20 221	15 255	35 476
Increase in Accrued Vacation Pay	3 348	2 526	5 874
(Increase) Decrease in Deferred Outflows - Pensions	(8 360)	(6 307)	(14 667)
Increase (Decrease) in Deferred Inflows-Pensions	4 033	3 043	7 076
Increase (Decrease) in Net Pension Liability	16 221	9 217	25 438
Total Adjustments	389 874	218 740	608 614
Net Cash Provided by Operating Activities	\$ 231 843	\$ 174 590	\$ 406 433

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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Report On Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board Aldermen
Bryson City, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Bryson City, North Carolina, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprises the Town of Bryson City's basic financial statements, and have issued our report thereon dated October 4, 2021. Our report includes a reference to other auditors who audited the financial statements of the Town of Bryson City ABC Board, as described in our report on the Town of Bryson City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Bryson City ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bryson City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bryson City's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bryson City's internal control.

To the Honorable Mayor and
Members of the Board of Aldermen
Bryson City, North Carolina

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



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

Morganton, North Carolina
October 4, 2021

Town of Bryson City

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2020

Finding 2020-001

There was one audit finding relative to overexpenditures. This finding was totally corrected.