

TOWN OF CHOCOWINITY, NORTH CAROLINA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2021

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements
Town of Chocowinity, North Carolina
June 30, 2021

Board of Commissioners

James H. Mobley, Jr., Mayor
William J. Albritton, Mayor Pro Tem
Louise Furman
Casey Langley
Nathaniel Williams

Administrative Staff

Joy McRoy, Town Clerk

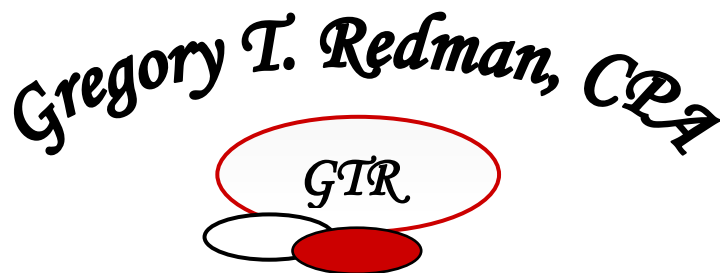
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June 30, 2021

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Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Chocowinity, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Chocowinity as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, I do not express an opinion or provide assurance on them.

A handwritten signature in black ink that reads "Gregory T. Redman, CPA". The signature is fluid and cursive, with the letters "G", "T", and "C" being particularly prominent.

Gregory T. Redman, CPA
Tarboro, North Carolina
March 14, 2022

Management's Discussion and Analysis

**Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

As management of the Town of Chocowinity, North Carolina, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Chocowinity for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

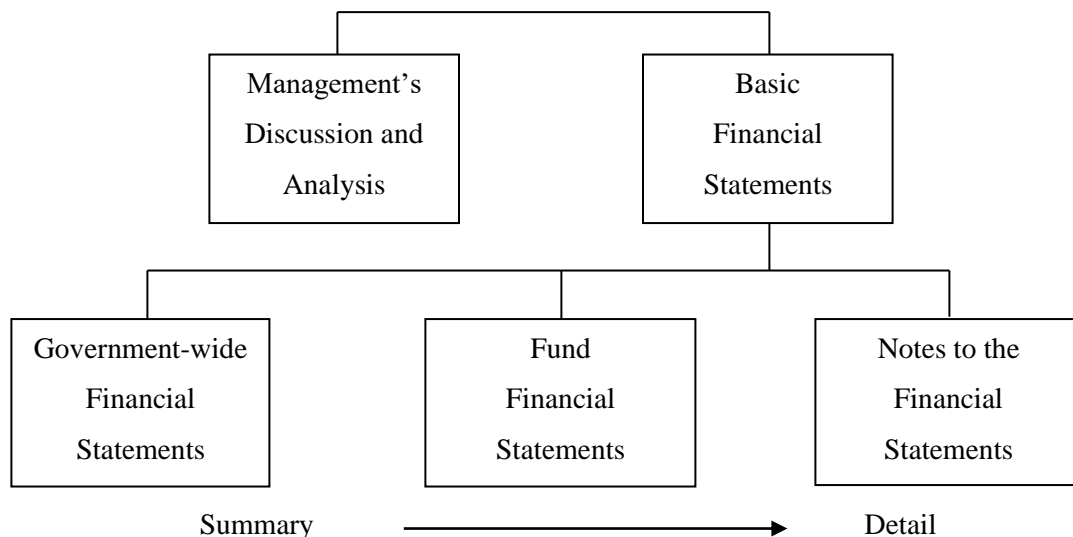
Financial Highlights

- The assets and deferred outflows of resources of the Town of Chocowinity exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,057,875 (net position).
- The government's total net position decreased by \$424,515 primarily due to decreases in the business-type activities net position.
- At the close of the current fiscal year, the Town of Chocowinity's governmental funds combined reported ending fund balances of (\$258,039), with a net decrease of \$385,656 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was (\$258,039).
- The Town's total debt decreased by \$102,000 during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds. *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*

Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has one fiduciary fund which is a custodial fund.

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Chocowinity's progress in funding its obligation to provide pension benefits to its employees.

Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Government-wide Financial Analysis

The Town of Chocowinity's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ (236,233)	\$ 151,260	\$ 1,136,705	\$ 1,233,243	\$ 900,472	\$ 1,384,503
Capital assets	1,252,974	871,406	9,171,829	9,539,312	10,424,803	10,410,718
Deferred outflows of resources	152,839	127,242	63,881	54,081	216,720	181,323
Total Assets and Deferred						
Outflows of Resources	\$ 1,169,580	\$ 1,149,908	\$ 10,372,415	\$ 10,826,636	\$ 11,541,995	\$ 11,976,544
Current liabilities	\$ 1,105	\$ 8,746	\$ 267,851	\$ 318,561	\$ 268,956	\$ 327,307
Noncurrent liabilities	292,923	247,664	4,890,848	87,330	5,183,771	334,994
Deferred inflows of resources	24,966	44,267	6,427	8,586	31,393	52,853
Total Liabilities and Deferred						
Inflows of Resources	\$ 318,994	\$ 300,677	\$ 5,165,126	\$ 414,477	\$ 5,484,120	\$ 715,154
Net Position:						
Net investment in capital assets	\$ 1,252,974	\$ 871,406	\$ 4,286,829	\$ 4,658,312	\$ 5,539,803	\$ 5,529,718
Restricted	107,120	61,763	-	-	107,120	61,763
Unrestricted	(509,508)	(83,938)	920,460	974,847	410,952	890,909
Total Net Position	\$ 850,586	\$ 849,231	\$ 5,207,289	\$ 5,633,159	\$ 6,057,875	\$ 6,482,390

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Chocowinity exceeded liabilities and deferred inflows by \$6,057,875 as of June 30, 2021. The Town's net position decreased by \$424,515 for the fiscal year ended June 30, 2021. However, the largest portion \$5,539,803 or 92% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Chocowinity uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Chocowinity's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Chocowinity's net position \$61,763 or 1% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$410,952 or (7%) is unrestricted.

The decrease in net position is due to the depreciation expense for business type activities.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.59%, which is below the statewide collection rate of 99%. The Town of Chocowinity contracts with Beaufort County to collect their taxes.

Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Town of Chocowinity Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 54,347	\$ 24,852	\$ 1,656,731	\$ 1,530,063	\$ 1,711,078	\$ 1,554,915
Operating grants and contributions	25,485	26,537	-	-	25,485	26,537
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	447,250	358,362	-	-	447,250	358,362
Other taxes	-	313,264	-	-	-	313,264
Unrestricted intergovernmental	342,234	-	-	-	342,234	-
Investment earnings	28	49	-	-	28	49
Other	3,494	6,080	-	10,975	3,494	17,055
Total Revenues	<u>\$ 872,838</u>	<u>\$ 729,144</u>	<u>\$ 1,656,731</u>	<u>\$ 1,541,038</u>	<u>\$ 2,529,569</u>	<u>\$ 2,270,182</u>
Expenses:						
General government	\$ 530,258	\$ 524,981	\$ -	\$ -	\$ 530,258	\$ 524,981
Public safety	116,637	261,367	-	-	116,637	261,367
Transportation	23,785	97,078	-	-	23,785	97,078
Economic and physical development	23,821	-	-	-	23,821	-
Environmental protection	-	-	-	-	-	-
Culture and recreation	44,639	26,931	-	-	44,639	26,931
Interest on long-term debt	-	-	177,230	-	177,230	-
Water and Sewer	-	-	1,873,228	1,861,144	1,873,228	1,861,144
Total Expenses	<u>\$ 739,140</u>	<u>\$ 910,357</u>	<u>\$ 2,050,458</u>	<u>\$ 1,861,144</u>	<u>\$ 2,789,598</u>	<u>\$ 2,771,501</u>
Increase(decrease) in net position before transfers	\$ 133,698	\$ (181,213)	\$ (393,727)	\$ (320,106)	\$ (260,029)	\$ (501,319)
Transfers	-	-	-	-	-	-
Increase(decrease) in net position	<u>\$ 133,698</u>	<u>\$ (181,213)</u>	<u>\$ (393,727)</u>	<u>\$ (320,106)</u>	<u>\$ (260,029)</u>	<u>\$ (501,319)</u>
Net position, July 1	849,231	1,030,444	5,633,159	5,953,265	6,482,390	6,983,709
Prior period adjustment	(132,343)	-	(32,143)	-	(164,486)	-
Net position, June 30	<u>\$ 850,586</u>	<u>\$ 849,231</u>	<u>\$ 5,207,289</u>	<u>\$ 5,633,159</u>	<u>\$ 6,057,875</u>	<u>\$ 6,482,390</u>

Governmental Activities. Governmental activities increased the Town's net position by \$133,698. Key elements of this increase are as follows:

- Tax Revenues increased due to an increase in the property tax rate.

Business-type Activities. Business-type activities decreased the Town of Chocowinity's net position by \$393,727.

**Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Proprietary Funds. The Town of Chocowinity's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer at the end of the fiscal year amounted to \$5,207,289. The total decrease in net position was \$393,727.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Chocowinity's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Chocowinity's financing requirements.

The general fund is the chief operating fund of the Town of Chocowinity. At the end of the current fiscal year, Town of Chocowinity's fund balance available in the General Fund was (\$374,113), while total fund balance reached (\$258,039). The Town currently has a negative available fund.

At June 30, 2021, the governmental fund of Town of Chocowinity reported a combined fund balance of (\$258,039) with a net decrease in fund balance of \$363,969. The decrease is due to capital outlay expenses to set up an EMS Department.

The North Carolina Local Government Commission strongly recommends that local governments maintain an undesignated fund balance of at least 8% of general fund expenditures. Undesignated fund balance is a sub classification of unassigned fund balance after consideration for management's policy designations.

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 became necessary to maintain/increase services.

Capital Asset and Debt Administration

Capital Assets: The Town of Chocowinity's investments in capital assets for its governmental and business-type activities as of June 30, 2021 total \$10,424,803 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

**Town of Chocowinity's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 27,500	\$ 27,500	\$ 3,480	\$ 3,480	\$ 30,980	\$ 30,980
Buildings and systems	843,551	843,551	10,042,238	10,042,238	10,885,789	10,885,789
Equipment	630,954	182,859	406,855	406,855	1,037,809	589,714
Vehicles	245,984	245,984	181,097	181,097	427,081	427,081
Improvements	705,778	705,778	4,712,560	4,579,273	5,418,338	5,285,051
Infrastructure	91,880	91,880	-	-	91,880	91,880
Subtotal	2,545,647	2,097,552	15,346,230	15,212,943	17,891,877	17,310,495
Accumulated Depreciation	(1,292,673)	(1,226,145)	(6,174,401)	(5,673,930)	(7,467,074)	(6,900,075)
Total	<u>\$1,252,974</u>	<u>\$ 871,407</u>	<u>\$ 9,171,829</u>	<u>\$ 9,539,013</u>	<u>10,424,803</u>	<u>10,410,420</u>

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

Long-term Debt: As of June 30, 2021 the Town of Chocowinity had \$4,779,000 of total bonded debt outstanding backed by full faith and credit of the Town. The Town's total debt did not increase during the current fiscal year. The Town's total debt decreased by \$102,000 due to the annual payment on principal.

North Carolina general statutes limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Chocowinity is \$632,248. The Town has not bond authorized but unissued at June 30, 2020.

Additional information regarding the Town of Chocowinity's long-term debt can be found in note III on page 42 of this report.

Town of Chocowinity's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ -	\$ -	\$ 2,107,000	\$ 2,162,000	\$ 2,107,000	\$ 2,162,000
USDA Loan	-	-	2,672,000	2,719,000	2,672,000	2,719,000
Total	<u>-</u>	<u>-</u>	<u>4,779,000</u>	<u>4,881,000</u>	<u>4,779,000</u>	<u>4,881,000</u>

**Town of Chocowinity, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the general condition of the Town. The economic crisis of prior years continues to contribute to the factors below:

- High unemployment, an aged population, no industrial development, and very little retail business help to create a situation where the Town's customer base is eroded. The resulting ratio of expense versus revenue creates a difficult situation in keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on fixed income.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time.

Governmental Activities: Property taxes will remain constant in revenues and permits and fees are expected to be very modest. The Town will use these revenues to cover costs of expenses in material, supplies, and labor. These revenues will also be used to finance programs currently in place.

Budgeted revenues in the General Fund are expected to increase by 15%. This increase is due to a varying increase in sanitation charges, county sales tax refund, ARPA funding, and miscellaneous revenue. Budgeted expenditures will increase accordingly.

Business-Type Activities: The Water/Sewer Fund budget will remain constant.

Requests for Information

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

Finance Officer
Town of Chocowinity
100 Parkview Lane
Chocowinity, North Carolina 27985

Financial Section

Basic Financial Statements

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 84,041	\$ 465,862	\$ 549,903
Taxes receivables (net)	16,776	-	16,776
Accounts receivable (net)	-	80,201	80,201
Due from other governments	53,736	953	54,689
Accrued interest on taxes receivable	3,925	-	3,925
Due from (to) other funds	(448,095)	448,095	-
Prepaid insurance	8,954	-	8,954
Restricted cash and cash equivalents	44,430	141,594	186,024
Total Current Assets	<u>\$ (236,233)</u>	<u>\$ 1,136,705</u>	<u>\$ 900,472</u>
Non-current Assets:			
Capital assets:			
Land and other non-depreciable assets	\$ 27,500	\$ 3,480	\$ 30,980
Other capital assets, net of depreciation	1,225,474	9,168,349	10,393,823
Total Capital Assets	<u>\$ 1,252,974</u>	<u>\$ 9,171,829</u>	<u>\$ 10,424,803</u>
Total Assets	<u>\$ 1,016,741</u>	<u>\$ 10,308,534</u>	<u>\$ 11,325,275</u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ 152,839</u>	<u>\$ 63,881</u>	<u>\$ 216,720</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,105	\$ 20,257	\$ 21,362
Customer deposits	-	141,594	141,594
Current portion of long-term liabilities	-	106,000	106,000
Total Current Liabilities	<u>\$ 1,105</u>	<u>\$ 267,851</u>	<u>\$ 268,956</u>
Non-current liabilities:			
Due in more than one year	\$ -	\$ 4,779,000	\$ 4,779,000
Net pension liability	111,848	141,594	253,442
Total pension liability	181,075	111,848	292,923
Total Long-term liabilities	<u>\$ 292,923</u>	<u>\$ 5,032,442</u>	<u>\$ 5,325,365</u>
Total Liabilities	<u>\$ 294,028</u>	<u>\$ 5,300,293</u>	<u>\$ 5,594,321</u>
Deferred Inflows of Resources			
Pension deferrals	<u>\$ 24,966</u>	<u>\$ 6,427</u>	<u>\$ 31,393</u>
Net Position			
Net investment in capital assets	\$ 1,252,974	\$ 4,286,829	\$ 5,539,803
Restricted for:			
Streets	44,430	-	44,430
Stabilization by State Statute	62,690	-	62,690
Unrestricted	<u>(509,508)</u>	<u>920,460</u>	<u>410,952</u>
Total Net Position	<u><u>\$ 850,586</u></u>	<u><u>\$ 5,207,289</u></u>	<u><u>\$ 6,057,875</u></u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 530,258	\$ 11,800	\$ -	\$ -	\$ (518,458)	\$ -	\$ (518,458)
Public safety	116,637	342	611	-	(115,684)	-	(115,684)
Transportation	23,785	-	24,874	-	1,089	-	1,089
Environmental protection	23,821	6,708	-	-	(17,113)	-	(17,113)
Cultural and recreation	44,639	35,497	-	-	(9,142)	-	(9,142)
Interest and other charges	-	-	-	-	-	(177,230)	(177,230)
Total Governmental Activities	<u>\$ 739,140</u>	<u>\$ 54,347</u>	<u>\$ 25,485</u>	<u>\$ -</u>	<u>\$ (659,308)</u>	<u>\$ (177,230)</u>	<u>\$ (836,538)</u>
Business-type activities:							
Water and Sewer	1,873,228	1,656,731	-	-	-	(216,497)	(216,497)
Total business-type activities	<u>\$ 1,873,228</u>	<u>\$ 1,656,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (216,497)</u>	<u>\$ (216,497)</u>
Total Primary Government	<u>\$ 2,612,368</u>	<u>\$ 1,711,078</u>	<u>\$ 25,485</u>	<u>\$ -</u>	<u>\$ (659,308)</u>	<u>\$ (393,727)</u>	<u>\$ (1,053,035)</u>
General Revenues							
Revenues:							
Ad valorem taxes					\$ 447,250	\$ -	\$ 447,250
Unrestricted intergovernmental					342,234	-	342,234
Other taxes					-	-	-
Investment earnings					28	-	28
Miscellaneous income					3,494	-	3,494
Total General Revenues, not including transfers					<u>\$ 793,006</u>	<u>\$ -</u>	<u>\$ 793,006</u>
Transfers					-	-	-
Change in Net Position					<u>\$ 133,698</u>	<u>\$ (393,727)</u>	<u>\$ (260,029)</u>
Net Position, beginning					849,231	5,633,159	6,482,390
Prior period adjustments					(132,343)	(32,143)	(164,486)
Net Position, ending					<u>\$ 850,586</u>	<u>\$ 5,207,289</u>	<u>\$ 6,057,875</u>

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

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

	<u>Major Funds</u>
	<u>General</u>
Assets	
Cash and cash equivalents	\$ 84,041
Restricted cash	44,430
Receivables, net:	
Taxes	16,776
Accounts	-
Due from other governments	53,736
Prepaid insurance	8,954
Total Assets	<u><u>\$ 207,937</u></u>
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,105
Due to other funds	448,095
Accrued salaries and employees payroll taxes	-
Total Liabilities	<u><u>\$ 449,200</u></u>
Deferred Inflows of Resources	
Property taxes receivable	\$ 16,776
Total Deferred Inflows of Resources	<u><u>\$ 16,776</u></u>
Fund Balances	
Nonspendable:	
Prepays	8,954
Restricted:	
Stabilization by State Statute	62,690
Streets	44,430
Unassigned	(374,113)
Total Fund Balance	<u><u>\$ (258,039)</u></u>

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

Town of Chocowinity, North Carolina
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

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

Ending Fund Balance - Governmental Funds	\$ (258,039)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,252,974
Deferred outflows of resources related to pensions are not reported in the funds.	152,839
Long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures.	3,925
Liabilities for earned but deferred revenues in fund statements.	16,776
Deferred inflows of resources related to pensions are not reported in the funds.	(24,966)
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds.	
Net pension liability	(111,848)
Total pension liability	(181,075)
Compensated absences	-
	<hr/>
Net Position of Governmental Activities	<u><u>\$ 850,586</u></u>

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

Town of Chocowinity, North Carolina
Statement of Revenues, Expenditures And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Funds</u>
	<u>General</u>
Revenues:	
Ad valorem taxes	\$ 453,054
Other taxes and licenses	6,708
Unrestricted intergovernmental	342,234
Restricted intergovernmental	25,485
Sales and services	47,639
Miscellaneous income	3,494
Investment earnings	28
Total Revenues	<u>\$ 878,642</u>
Expenditures:	
Current:	
General government	\$ 470,395
Public safety	686,635
Transportation	17,886
Economic and physical development	23,821
Cultural and Recreation	43,874
Total Expenditures	<u>\$ 1,242,611</u>
Revenues Over (Under) Expenditures	\$ (363,969)
Other Financing Sources (Uses):	
Transfers from Other Funds	<u>-</u>
Net Change in Fund Balance	\$ (363,969)
Fund Balances	
Beginning of year	127,617
Prior period adjustment	(21,687)
End of year	<u><u>\$ (258,039)</u></u>

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

Town of Chocowinity, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement Activities
For the Year Ended June 30, 2021

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

Net Change in Fund Balance - Governmental Funds	\$ (363,969)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimate useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Depreciation expense	(66,527)
Capital outlay	448,095
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	121,903
Change in unavailable revenue for tax revenues.	(5,804)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effected of these differences in the treatment of long-term debt and related items.	
Principal payments on long-term debt	-
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	-
Compensated absences	-
Total Changes in Net Position of Governmental Activities	<u>\$ 133,698</u>

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

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

	General Fund			Variance with
	Original	Final	Actual	Final Budget
			Amounts	Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 461,500	\$ 481,500	\$ 453,054	\$ (28,446)
Other taxes and licenses	5,500	10,000	6,708	(3,292)
Unrestricted intergovernmental	343,700	389,700	342,234	(47,466)
Restricted intergovernmental	27,200	27,200	25,485	(1,715)
Sales and services	19,000	52,800	47,639	(5,161)
Investment earnings	25	1,000	28	(972)
Miscellaneous	4,500	20,000	3,494	(16,506)
Total Revenues	<u>\$ 861,425</u>	<u>\$ 982,200</u>	<u>\$ 878,642</u>	<u>\$ (103,558)</u>
Expenditures:				
Current				
General government	\$ 387,700	\$ 395,350	\$ 470,395	\$ (75,045)
Public safety	280,000	650,000	686,635	(36,635)
Transportation	151,075	18,000	17,886	114
Economic and physical development	25,850	25,850	23,821	2,029
Cultural and recreation	16,800	13,000	43,874	(30,874)
Total Expenditures	<u>\$ 861,425</u>	<u>\$ 1,102,200</u>	<u>\$ 1,242,611</u>	<u>\$ (140,411)</u>
Revenues Over (Under) Expenditures	\$ -	\$ (120,000)	\$ -	\$ (243,969)
Other Financing Sources (Uses):				
Fund balance appropriated	\$ -	\$ 120,000	\$ -	\$ (120,000)
Transfers from other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(363,969)	<u>\$ (363,969)</u>
Fund Balances				
Beginning of year			127,617	
Prior period adjustment			(21,687)	
End of year			<u>\$ (258,039)</u>	

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

Town of Chocowinity, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 465,862
Accounts receivable (net)	80,201
Other receivables and assets	953
Due from other funds	448,095
Restricted cash and cash equivalents	141,594
Total Current Assets	<u>\$ 1,136,705</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	\$ 3,480
Other capital assets, net of depreciation	9,168,349
Capital assets	<u>\$ 9,171,829</u>
Total Noncurrent Assets	<u>\$ 9,171,829</u>
Total Assets	<u><u>\$ 10,308,534</u></u>
Deferred Outflows of Resources	
Pension deferrals	<u>\$ 63,881</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 20,257
Customer deposits	141,594
Current portion of long-term debt	106,000
Total Current Liabilities	<u>\$ 267,851</u>
Noncurrent liabilities:	
Due in more than one year	\$ 4,779,000
Net pension liability	111,848
Total noncurrent liabilities	<u>\$ 4,890,848</u>
Total Liabilities	<u>\$ 5,158,699</u>
Deferred Inflows of Resources	
Pension deferrals	<u>\$ 6,427</u>
Net Position	
Net investment in capital assets	\$ 4,286,829
Unrestricted	920,460
Total Net Position	<u><u>\$ 5,207,289</u></u>

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

Town of Chocowinity, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>Fund</u>
Operating Revenues	
Charges for sales & services	\$ 1,607,073
Miscellaneous income	49,658
Total Operating Revenues	<u>\$ 1,656,731</u>
Operating Expenses	
Water and sewer operations	\$ 1,372,756
Depreciation	500,472
Total Operating Expenses	<u>\$ 1,873,228</u>
Income (Loss) Before Contributions and Transfers	<u>\$ (216,497)</u>
Non-operating revenues (expenses)	
Interest and other charges	\$ (177,230)
Transfers to other funds	-
Total Other Financing Sources (Uses)	<u>\$ (177,230)</u>
Change in Net Position	\$ (393,727)
Net Position, beginning	5,633,159
Prior period adjustment	(32,143)
Net Position, ending	<u><u>\$ 5,207,289</u></u>

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

Town of Chocowinity, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Enterprise Funds</u> <u>Water and Sewer</u> <u>Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 1,595,206
Cash paid for goods and services	(1,010,497)
Cash paid to or on behalf of employees for services	(330,000)
Other operating revenues	49,658
Net Cash Provided (used) by Operating Activities	<u>\$ 304,367</u>
Cash Flows From Noncapital Financing Activities:	
Changes to interfund payables	\$ (448,095)
Capital contributions	-
Net Cash Provided by Noncapital Financing Activities	<u>\$ (448,095)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	\$ (133,287)
Principal paid on long-term debt	(102,000)
Interest paid	(177,230)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>\$ (412,517)</u>
Cash Flows From Investing Activities:	
Investment income	<u>\$ -</u>
Net Increase (decrease) in Cash and Cash Equivalents	\$ (556,245)
Balances - Beginning of year	1,163,701
Balances - End of year	<u><u>\$ 607,456</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (216,497)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 500,472
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(11,612)
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable and accrued liabilities	13,928
Increase (decrease) in accrued vacation pay	-
Increase (decrease) in customer deposits	5,517
Increase (decrease) in net pension liabilities	24,518
Increase (decrease) in deferred outflows of resources	(9,800)
Increase (decrease) in deferred inflows of resources	(2,159)
Total adjustments	<u>\$ 520,864</u>
Net Cash Provided by Operating Activities	<u><u>\$ 304,367</u></u>

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

Town of Chocowinity, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u> <u>Fire District</u>
Assets	
Cash and cash equivalent	\$ 751,259
Total Assets	<u>\$ 751,259</u>
Liabilities	<u>\$ -</u>
Net Position	
Restricted for other organizations	<u><u>\$ 751,259</u></u>

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

Town of Chocowinity, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions	
Ad valorem taxes collected for other governments	\$ 324,241
Collections on behalf of inmates	-
Total Additions	<u>\$ 324,241</u>
Deductions	
Tax distributions to other governments	<u>\$ 317,266</u>
Total Deductions	<u>\$ 317,266</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ 6,975
Net Position, beginning	<u>744,284</u>
Net Position, ending	<u><u>\$ 751,259</u></u>

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

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

I. Summary of Significant Accounting Policies

The accounting policies of Town of Chocowinity 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 Chocowinity is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town of Chocowinity, North Carolina.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the 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 fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. There are no remaining governmental and enterprise funds reported as non-major funds.

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

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

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The General Fund is a major fund for fund financial statement reporting purposes.

The Town reports the following major enterprise funds:

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

The Town reports the following fiduciary fund types:

Custodial Fund - This fund is used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The custodial fund is used to account for assets the Town holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Fire District Fund, which accounts for ad valorem taxes that are billed and collected by the Town.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting.

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

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

1. Deposits and Investments

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

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

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.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4. Customer deposits are classified as restricted cash because they must be returned to the customer at the conclusion of service.

Governmental Activities

General Fund:

Streets	\$ 44,430
Total Government Activities	<u>\$ 44,430</u>

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

Business-type Activities

Water and Sewer Fund:

Customer deposits	\$ 141,594
Total Business-type Activities	<u>\$ 141,594</u>

Total Restricted Cash	<u><u>\$ 186,024</u></u>
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4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. 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 two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	30 years
Improvements	25 years
Infrastructure	20 years
Furniture and equipment	7-10 years
Vehicles	5 years
Computer software	5 years
Computer equipment	3 years

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

7. Deferred Outflows/Inflows of Resources

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

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

9. Compensated Absences

The vacation policies of the Town is based on years of employment, but cannot be accumulated from year to year. Therefore, no expenditure or liability has been reported. The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

10. Net Position/Fund Balances

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

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

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. The Town has no nonspendable fund balance.

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 the 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.

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

Assigned Fund Balance – portion of fund balance that Town of Chocowinity intends to use for specific purposes. The Town has no assigned fund balance.

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

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

11. 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 Chocowinity employer contributions are recognized when due and the Town of Chocowinity 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. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-related Legal and Contractual Provisions

Annual Audit

In accordance with G.S. 159-34, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for the year ended June 30, 2021 was not completed until March 14, 2022. Due to the final accounting records were not received for audit until February 2022. The Town's management believes that under normal circumstances, the June 30, 2022 audit will be submitted timely.

B. Contractual Violations

There were no contractual violations reported for the year ended June 30, 2021.

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

C. Deficit in Fund Balance or Net Position of Individual Funds

There was a deficit in Fund Balance of the General Fund reported for the year ended June 30, 2021 in the amount of (\$258,039). Management has plans to increase revenues and decrease expenses that will increase fund balance.

D. Excess of Expenditures over Appropriation

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for the following functions: General Government, Cultural and Recreational, and Public Safety by \$75,045, \$30,874, and \$36,635, respectively. The Water and Sewer Fund expenditures exceed authorized appropriations by \$33,043. These over-expenditures occurred due to increase in labor, materials, and other costs. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2021, the Town's deposits had a carrying amount of \$733,859 and a bank balance of \$724,933. Of the bank balance, \$623,433 was not covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. All of the bank balance was covered by federal depository insurance. The Town's petty cash balance was \$68.

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivables	\$ 5,000
Enterprise Fund:	
Customers receivables	\$ 1,097

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 27,500	\$ -	\$ -	\$ 27,500
Total capital assets not being depreciated	\$ 27,500	\$ -	\$ -	\$ 27,500
Capital assets being depreciated:				
Buildings	\$ 843,551	\$ -	\$ -	\$ 843,551
Equipment	182,859	448,095	-	630,954
Vehicles	245,984	-	-	245,984
Improvements	705,778	-	-	705,778
Infrastructure	91,880	-	-	91,880
Total capital assets being depreciated	\$ 2,070,052	\$ 448,095	\$ -	\$ 2,518,147
Less accumulated depreciation for:				
Buildings	\$ 687,671	\$ 21,089	\$ -	\$ 708,760
Equipment	160,516	4,755	-	165,271
Vehicles	235,428	2,800	-	238,228
Improvements	123,511	35,289	-	158,800
Infrastructure	19,020	2,594	-	21,614
Total accumulated depreciation	\$ 1,226,146	\$ 66,527	\$ -	\$ 1,292,673
Total capital assets being depreciated, net	\$ 843,906			\$ 1,225,474
Governmental activity capital assets, net	\$ 871,406			\$ 1,252,974

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

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

Governmental Activities:	
General government	\$ 59,863
Cultural and recreation	765
Transportation	5,899
Total	<u>\$ 66,527</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,480	\$ -	\$ -	\$ 3,480
Total Capital Assets Not Being Depreciated	<u>\$ 3,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,480</u>
Capital Assets Being Depreciated:				
Buildings and systems	\$ 10,042,238	\$ -	\$ -	\$ 10,042,238
Equipment	406,855	-	-	406,855
Vehicles	181,097	-	-	181,097
Improvements	4,579,273	133,287	-	4,712,560
Total Capital Assets Being Depreciated	<u>\$ 15,209,463</u>	<u>\$ 133,287</u>	<u>\$ -</u>	<u>\$ 15,342,750</u>
Less accumulated depreciation for:				
Buildings and systems	\$ 4,500,911	\$ 251,369	\$ -	\$ 4,752,280
Equipment	211,328	16,504	-	227,832
Vehicles	174,302	2,588	-	176,890
Improvements	787,388	230,011	-	1,017,399
Total Accumulated Depreciation	<u>\$ 5,673,929</u>	<u>\$ 500,472</u>	<u>\$ -</u>	<u>\$ 6,174,401</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 9,535,534</u>			<u>\$ 9,168,349</u>
Business-type Activity Capital Assets, Net	<u>\$ 9,539,014</u>			<u>\$ 9,171,829</u>

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

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Chocowinity is a participating employer in the statewide Local Governmental Employees' 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 consist 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 Governmental 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, 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. 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 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

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

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's 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. The Town of Chocowinity 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 Chocowinity's contractually required contribution rate for the year ended June 30, 2021, was 10.21% of compensation for employees actuarially determined 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 Chocowinity were \$49,151 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 a 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.

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

At June 30, 2020, the Town reported a liability of \$223,696 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 0.00626%, which was 0.00004% less than its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Town recognized pension expense of \$74,520. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,249	\$ -
Changes of assumptions	16,647	-
Net difference between projected and actual earnings on pension plan investments	31,479	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,235	12,854
Town contributions subsequent to the measurement date	49,151	-
Total	<u>\$ 126,761</u>	<u>\$ 12,854</u>

\$49,151 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of 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:

<u>Year ended June 30</u>	
2022	\$ 17,699
2023	25,097
2024	12,644
2025	9,316
2026	-
Thereafter	-
	<u>\$ 64,756</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.

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

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	<u>100%</u>	

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.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset 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)	\$453,856	\$ 223,696	\$ 32,418

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.

b. Law Enforcement Officers Special Separation Allowance

Plan Description - The Town of Chocowinity 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 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 law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	3
Total	<u><u>5</u></u>

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.

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

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

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 assumption, applied to all periods included in the measurement:

Inflation	1.93 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.50 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-Year Municipal Bond Index as of December 31, 2019.

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

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 \$21,090 as benefits came due for the reporting period.

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 \$181,075. 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 \$27,830.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,906	\$ 17,477
Changes of assumptions	20,863	1,062
Town benefit payments and plan administrative expense made subsequent to the measurement date	21,190	-
Total	<u>\$ 89,959</u>	<u>\$ 18,539</u>

Town of Chocowinity, North Carolina
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\$89,959 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of 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:

<u>Year ended June 30</u>	
2022	\$ 20,063
2023	18,909
2024	6,585
2025	4,673
2026	-
Thereafter	-
	<u>\$ 50,230</u>

\$21,090 paid as benefits came due and \$100 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is one percentage point lower (.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	<u>1% Decrease (.93%)</u>	<u>Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
City's proportionate share of the net pension liability (asset)	\$ 191,952	\$ 181,075	\$ 171,005

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 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.

Town of Chocowinity, North Carolina
Notes to the Financial Statements
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Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2021
Beginning balance	\$ 162,946
Service cost	3,238
Interest on the total pension liability	4,968
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	7,167
Changes of assumptions or other inputs	23,846
Benefit payments	(21,090)
Other changes	-
Ending balance of the total pension liability	<u>\$ 181,075</u>

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 74,520	\$ 27,830	\$ 102,350
Pension Liability	223,696	181,075	404,771
Proportionate share of the net pension liability	0.00626%	n/a	-
Deferred of Outflows of Resources			
Differences between expected and actual experience	28,249	47,906	76,155
Changes of assumptions	16,647	20,863	37,510
Net difference between projected and actual earnings on pension plan investments	31,479	-	31,479
Changes in proportion and differences between contributions and proportionate share of contributions	1,235	-	1,235
Benefit payments and administrative costs paid subsequent to the measurement date	49,151	21,190	70,341
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	17,477	17,477
Changes of assumptions	-	1,062	1,062
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,854	-	12,854

Town of Chocowinity, North Carolina
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For the Year Ended June 30, 2021

c. 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 General 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 Annual Comprehensive 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.

d. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are composed of the following elements:

Contributions to pension plan in current fiscal year	\$ 70,341
Differences between expected and actual experience	76,155
Changes of assumptions	37,510
Net difference between projected and actual earnings	31,479
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,235
Total	<u>\$ 216,720</u>

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

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	\$ -	\$ 16,676
Differences between expected and actual experience	17,477	-
Changes in assumptions	1,062	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,854	-
	<u>\$ 31,393</u>	<u>\$ 16,676</u>

3. 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	\$ (258,039)
Less:	
Stabilization by State Statute	62,690
Streets-Powell Bill	44,430
Prepaid Expenses	8,954
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	(374,113)

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and medical and dental claims for employees, retirees, and dependents. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three years.

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$75,000.

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

5. Long-term Obligations

The Town records long-term debt of the governmental funds at face value in the government-wide statement of Net Position. All general obligation bonds serviced by the Town's general fund are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest payments are appropriated when due.

Changes in Long-Term Liabilities

a. Governmental Activities

The following is a summary of charges in the Town's governmental activities in long-term debt:

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21	Current Maturities
Governmental activities:					
Net pension liability (LGERS)	\$ 84,718	\$27,130	\$ -	\$ 111,848	\$ -
Total pension liability (LEO)	162,946	18,129	-	181,075	-
Total	<u>\$ 247,664</u>	<u>\$45,259</u>	<u>\$ -</u>	<u>\$ 292,923</u>	<u>\$ -</u>

b. Business-type Activities

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest payments are appropriated when due.

The following is a summary of charges in the Town's business-type activities in long-term debt:

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21	Current Maturities
Business-type activities:					
General obligation bond	\$2,162,000	\$ -	\$ 55,000	\$2,107,000	\$57,000
USDA loan	2,719,000	-	47,000	2,672,000	49,000
Net pension liability	87,330	24,518	-	111,848	-
Total	<u>4,968,330</u>	<u>24,518</u>	<u>102,000</u>	<u>4,890,848</u>	<u>106,000</u>

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

c. General Obligation Bonds

Serviced by the Water and Sewer Fund:

General Obligation Bond

\$2,709,000 Water series (2004) USDA due in annual installments
through June 1, 2044, with interest at 4.75%

\$ 2,107,000

Annual debt service requirements to maturity for long-term obligations are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 57,000	\$ 100,083	\$ 157,083
2023	60,000	97,375	157,375
2024	63,000	94,525	157,525
2025	66,000	91,533	157,533
2026	69,000	88,398	157,398
2027-2031	397,000	389,643	786,643
2032-2036	499,000	286,046	785,046
2037-2041	560,000	159,600	719,600
2042-2046	336,000	31,920	367,920
	<u>\$2,107,000</u>	<u>\$1,339,123</u>	<u>\$3,446,123</u>

d. Revenue Bond

\$2,896,000 USDA loan issued September 18, 2014 to finance new
sewer improvement project due in one annual installment on
September 17, 2015, interest at 2.75%

\$ 2,672,000

Annual debt service requirements to maturity for long-term obligations are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 49,000	\$ 73,480	\$ 122,480
2023	50,000	72,133	122,133
2024	51,000	70,758	121,758
2025	53,000	69,355	122,355
2026	54,000	67,898	121,898
2027-2031	294,000	316,305	610,305
2032-2036	336,000	273,654	609,654
2037-2041	385,000	224,814	609,814
2042-2046	441,000	168,934	609,934
2047-2051	506,000	118,334	624,334
2052-2056	453,000	46,751	499,751
	<u>\$2,672,000</u>	<u>\$1,502,416</u>	<u>\$4,174,416</u>

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

Operating revenues	\$ 1,656,731
Operating expenses*	(1,372,756)
Operating income	<u>283,975</u>
Nonoperating revenues (expenses)**	<u>-</u>
Income available for debt service	283,975
Debt service, principal and interest paid	279,230
Debt service coverage ratio	102%

*Per rate covenants, this does not include the depreciation of \$500,472.

*Per rate covenants, this does not include the interest paid of \$177,230.

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2,896,000 bonds issued in September 2015. Proceeds from the bonds provided financing for various improvements to the Town's sanitary sewer system, including an upgrade and expansion of the Town's wastewater treatment plant. The bonds are payable solely from water and sewer customers net revenues and payable through 2055. Annual principal and interest on the bonds are expected to be paid on the bond is \$4,812,199. Principal and interest paid for the current year and total customer net revenues were \$47,000 and \$74,773, respectively.

e. Prior Period Adjustment

The beginning net position of Governmental Activities was adjusted due to prior year errors in posting GASB 68 entries.

Governmental Activities - adjustment due to prior year posting error	\$ (132,343)
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The beginning net position of the General Fund was adjusted due to the prior year accounting errors.

General Fund - adjustment due to prior year error in posting accruals	\$ (21,687)
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The beginning net position of the Water and Sewer Fund was adjusted due to prior year errors in the close-out of the Sewer Capital Project Fund.

Water and Sewer Fund - adjustment due to prior year errors.	\$ (32,143)
--	-------------

IV. Related Party Transaction

The Town has participated in no related party transactions for the year ended June 30, 2021.

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

V. Interfund Balances and Activities

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer	General	\$ 448,095

In May 2021, the Town of Chocowinity made the decision to create an EMS Department. The local rural area EMS closed in early 2021. The Town Board believed it would benefit the Town citizens to operate an EMS. The Water and Sewer Fund loaned \$448,095 to the General Fund to assist in the development of a new EMS Department. The General Fund will make monthly payment of \$5,000 to the Water and Sewer Fund. In addition, any excess revenues earned by the EMS Department will be used to repay the loan.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VI. Subsequent Events

As of March 14, 2022, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contribution to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Separation Allowance.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Separation Allowance.

Town of Chocowinity's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Town of Chocowinity's proportion of the net pension liability (asset) (%)	0.00626%	0.00630%	0.00795%	0.00687%	0.00656%	0.00620%	0.00567%	0.00500%
Town of Chocowinity's proportion of the net pension liability (asset) (\$)	\$ 223,696	\$ 172,048	\$ 188,601	\$ 104,955	\$ 139,225	\$ 27,825	\$ 24,114	\$ 60,269
Town of Chocowinity's covered-employee payroll	\$ 436,435	\$ 393,915	\$ 422,088	\$ 372,082	\$ 366,076	\$ 303,070	\$ 289,229	\$ 482,152
Town of Chocowinity's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.26%	43.68%	44.68%	28.21%	38.03%	9.18%	8.34%	12.50%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 49,151	\$ 42,946	\$ 30,537	\$ 32,561	\$ 27,776	\$ 27,825	\$ 28,034	\$ 24,444
Contributions in relation to the contractually required contributions	49,151	42,946	30,537	32,561	27,776	27,825	28,034	24,444
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Chocowinity's covered-employee payroll	\$ 481,373	\$ 436,435	\$ 393,915	\$ 422,088	\$ 372,082	\$ 366,076	\$ 303,070	\$ 289,229
Contributions as a percentage of covered- employee payroll	10.21%	9.84%	7.75%	7.71%	7.47%	7.60%	9.25%	8.45%

Town of Chocowinity, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 162,946	\$ 78,159	\$ 85,263	\$ 163,753	\$ 164,863
Service cost	3,238	2,143	3,384	2,855	4,906
Interest on the total pension liability	4,968	2,461	2,493	6,156	5,733
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	7,167	98,273	2,009	(82,817)	-
Changes of assumptions or other inputs	23,846	3,000	(2,262)	3,862	(3,203)
Benefit payments	(21,090)	(21,090)	(12,728)	(8,546)	(8,546)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 181,075</u>	<u>\$ 162,946</u>	<u>\$ 78,159</u>	<u>\$ 85,263</u>	<u>\$ 163,753</u>

Notes to the schedules:

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

Town of Chocowinity, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 181,075	\$ 162,946	\$ 78,159	\$ 85,263	\$ 163,753
Covered payroll	123,222	82,015	124,246	118,693	168,220
Total pension liability as a percentage of covered payroll	146.95%	198.68%	62.91%	71.83%	97.34%

Notes to the schedules:

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

Individual Fund Statements and Schedules

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes		\$ 448,031	
Interest		5,023	
Total	<u>\$ 461,500</u>	<u>\$ 453,054</u>	<u>\$ (8,446)</u>
Other taxes and licenses:			
Town tags	\$ -	\$ -	\$ -
Zoning permits	10,000	6,708	(3,292)
Total	<u>\$ 10,000</u>	<u>\$ 6,708</u>	<u>\$ (3,292)</u>
Unrestricted intergovernmental:			
Local option sales taxes	\$ 300,000	\$ 270,623	\$ (29,377)
Tax refunds	4,700	3,123	(1,577)
Utilities franchise tax	75,000	61,753	(13,247)
Beer and wine tax	10,000	6,735	(3,265)
Total	<u>\$ 389,700</u>	<u>\$ 342,234</u>	<u>\$ (47,466)</u>
Restricted intergovernmental:			
Solid waste disposal tax	\$ -	\$ 611	\$ 611
Various grants	20,000	-	(20,000)
Powell Bill allocation	27,200	24,874	(2,326)
Total	<u>\$ 47,200</u>	<u>\$ 25,485</u>	<u>\$ (21,715)</u>
Sales and services:			
Police fees	\$ 1,000	\$ 342	\$ (658)
Recreation fees	40,000	35,497	(4,503)
Garbage services	-	-	-
Other	11,800	11,800	-
Total	<u>\$ 52,800</u>	<u>\$ 47,639</u>	<u>\$ (5,161)</u>
Investment earnings	<u>\$ 1,000</u>	<u>\$ 28</u>	<u>\$ (972)</u>
Other Revenue:			
Miscellaneous		\$ 3,494	
Total	<u>\$ 20,000</u>	<u>\$ 3,494</u>	<u>\$ (16,506)</u>
Total Revenues	<u>\$ 982,200</u>	<u>\$ 878,642</u>	<u>\$ (103,558)</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Governing Body:			
Salaries and employee benefits		\$ 14,560	
Professional services		-	
Other operating expenditures		3,960	
Total	<u>\$ 19,000</u>	<u>\$ 18,520</u>	<u>\$ 480</u>
Administration:			
Salaries and employee benefits		\$ 250,222	
Professional services		8,938	
Telephone		3,629	
Utilities		26,069	
Insurance and bonds		59,376	
Tax collection fees		8,999	
Other operating expenses		94,642	
Total	<u>\$ 376,350</u>	<u>\$ 451,875</u>	<u>\$ (75,525)</u>
Total General Government	<u>\$ 395,350</u>	<u>\$ 470,395</u>	<u>\$ (75,045)</u>
Public Safety:			
Police:			
Salaries and employee benefits		\$ 199,973	
Vehicle expenses		11,318	
Repairs and maintenance		3,015	
Telephone		5,748	
Other operating expenses		18,486	
Total Police	<u>\$ 200,000</u>	<u>\$ 238,540</u>	<u>\$ (38,540)</u>
EMS:			
Capital Outlay	<u>\$ 450,000</u>	<u>\$ 448,095</u>	<u>\$ 1,905</u>
Total Public Safety	<u>\$ 650,000</u>	<u>\$ 686,635</u>	<u>\$ (36,635)</u>
Transportation:			
Salaries and employee benefits		\$ -	
Powell Bill street expenditures		9,754	
Other operating expenditures		8,132	
Street maintenance		-	
Total Transportation	<u>\$ 18,000</u>	<u>\$ 17,886</u>	<u>\$ 114</u>

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

	Budget	Actual	Variance Positive (Negative)
Economic and Physical Development			
Administration		\$ 23,821	
Total Economic and Physical Development	\$ 25,850	\$ 23,821	\$ 2,029
Environmental Protection:			
Solid Waste:			
Contract services		\$ -	
Other operating expenditures		-	
Capital outlay		-	
Total Environmental Protection	\$ -	\$ -	\$ -
Cultural and Recreational:			
Operating expenditures	\$ -	\$ 43,874	
Total Cultural and Recreational	\$ 13,000	\$ 43,874	\$ (30,874)
Debt Service:			
Principal		\$ -	
Interest		-	
Total Debt Service	\$ -	\$ -	\$ -
Total Expenditures	\$ 1,102,200	\$ 1,242,611	\$ (140,411)
Revenues Over (Under) Expenditures	\$ (120,000)	\$ (363,969)	\$ (243,969)
Other Financing Sources (uses):			
Loan issuance		\$ -	
Transfers from other funds:			
Water and Sewer Fund		\$ -	
Total	\$ -	\$ -	\$ -
Fund balance appropriated	\$ 120,000	\$ -	\$ (120,000)
Net change in fund balance	\$ -	\$ (363,969)	\$ (363,969)
Fund Balances			
Beginning of year		127,617	
Prior period adjustment		(21,687)	
End of year		\$ (258,039)	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating Revenues:			
Sales from water operations		\$ 654,008	
Sales from sewer operations		949,065	
Tap fees		4,000	
Miscellaneous revenues		49,658	
Total Operating Revenues	<u>\$ 1,752,230</u>	<u>\$ 1,656,731</u>	<u>\$ (95,499)</u>
Nonoperating Revenues:			
Interest earnings		\$ -	
Total Revenues	<u>\$ 1,752,230</u>	<u>\$ 1,656,731</u>	<u>\$ (95,499)</u>
Expenditures			
Water and Sewer Operations:			
Salaries and employee benefits		\$ 330,000	
Insurance		65,000	
Professional services		33,198	
Telephone		8,789	
Office supplies		20,670	
Supplies		195,159	
Utilities		45,652	
Sewer services		367,713	
Vehicle expense		14,090	
Chemicals		28,912	
Other operating expenditures		263,573	
Total	<u>\$ 1,339,000</u>	<u>\$ 1,372,756</u>	<u>\$ (33,756)</u>
Debt Service:			
Interest and other charges		\$ 177,230	
Principal retirement		102,000	
Total Debt Service	<u>\$ 279,230</u>	<u>\$ 279,230</u>	<u>\$ -</u>
Capital Outlay:			
Equipment	<u>\$ 134,000</u>	<u>\$ 133,287</u>	<u>713</u>
Total Expenditures	<u>\$ 1,752,230</u>	<u>\$ 1,785,273</u>	<u>\$ (33,043)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (128,542)</u>	<u>\$ (128,542)</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)			
Fund balance appropriated		\$ -	
Transfers		-	
		-	
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (128,542)</u>	<u>\$ (128,542)</u>

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

Reconciling items:	
Principal retirement	102,000
Capital outlay	133,287
Depreciation	(500,472)
Total	<u>\$ (265,185)</u>
Change in Net Position	<u>\$ (393,727)</u>

Other Schedules

This section contains additional information on property taxes.

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

Town of Chocowinity, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 453,192	\$ 446,786	\$ 6,406
2019-2020	15,502	-	3,322	12,180
2018-2019	876	-	876	-
2017-2018	1,029	251	-	1,280
2016-2017	279	-	1	278
2015-2016	40	-	4	36
2014-2015	93	-	47	46
2013-2014	679	-	8	671
2012-2013	501	-	6	495
2011-2012	399	-	15	384
2010-2011	499	-	499	-
Total	\$ 19,897	\$ 453,443	\$ 451,564	\$ 21,776
Less:				
Allowance for uncollectible accounts				\$ 5,000
Ad Valorem Taxes Receivable - Net				<u>16,776</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 453,054
Reconciling items:				
Interest collected				(5,023)
Discounts, write-offs and adjustments				<u>3,533</u>
Total collections and credits				<u>\$ 451,564</u>

Town of Chocowinity, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate	\$ 67,640,597	0.67	\$ 453,192	\$ 428,201	\$ 24,991
Releases	-	0.67	-	-	-
Total Property Valuation	<u>\$ 67,640,597</u>				
Net levy			\$ 453,192	\$ 428,201	\$ 24,991
Uncollected taxes at June 30, 2021			<u>6,406</u>	<u>6,406</u>	<u>-</u>
Current year's taxes collected			<u>\$ 446,786</u>	<u>\$ 421,795</u>	<u>\$ 24,991</u>
Current levy collection percentage			<u>98.59%</u>	<u>98.50%</u>	<u>100.00%</u>