

REVIEWED

By SLGFD at 7:16 am, May 18, 2022

TOWN OF COLERAIN, 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 Colerain, North Carolina

Board of Commissioners

William Harrell, Mayor
Jacques Turner, Mayor Pro Tem
Hurbert Copeland
Wilbert Fairless
Donald Sumner
Taylor Wynns

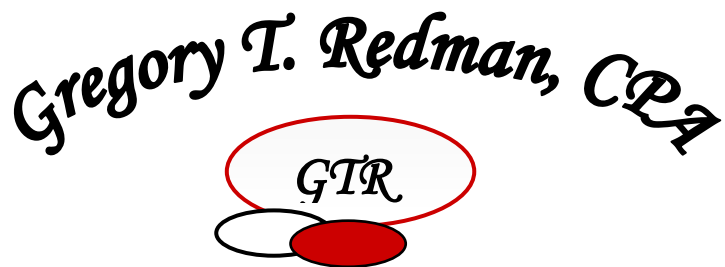
Administrative and Financial Staff

William Harrell, Finance Officer
Casey Heath, Town Clerk

Town of Colerain, North Carolina
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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
Colerain, 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 Colerain, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Colerain, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 me 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 Colerain, North Carolina. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Tarboro, North Carolina
May 12, 2022

Management's Discussion and Analysis

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

The management of the Town of Colerain, North Carolina offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Colerain 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

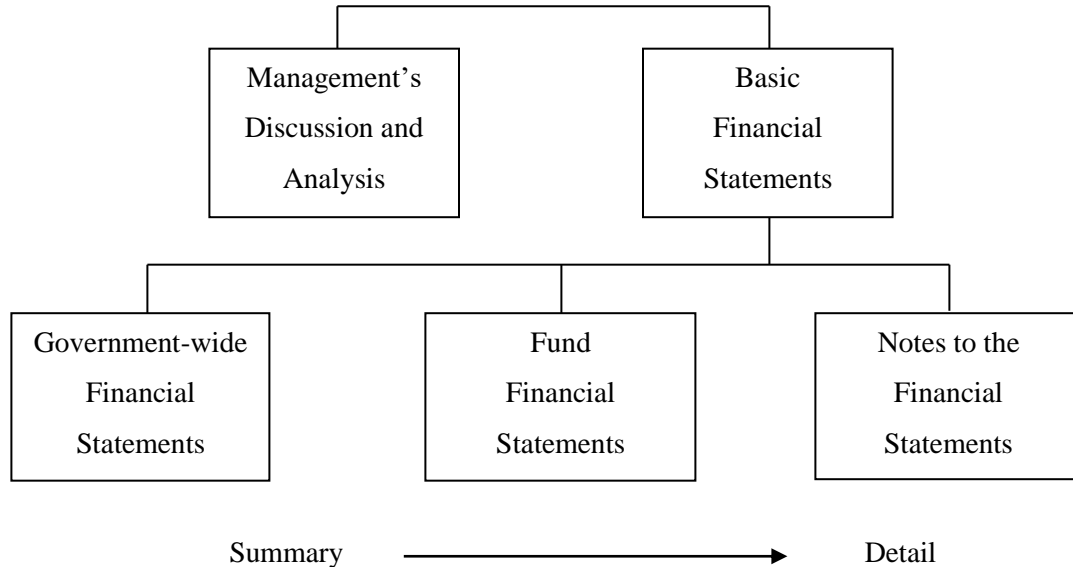
- The assets of the Town of Colerain exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,485,144 (net position).
- The government's total net position decreased by \$56,184.
- At the close of the current fiscal year, the Town of Colerain's general fund reported combined ending fund balances of \$362,248, an increase of \$20,893 in comparison with the prior year. Approximately 94 percent of this total amount or \$338,734 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$338,734 or 172 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

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

Required Components of Annual Financial Report



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 it has 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.

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

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 sewer services offered by the Town of Colerain.

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 Colerain, 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 Colerain can be divided into two categories: governmental funds and proprietary funds.

Governmental Fund. *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in described in a reconciliation that is a part of the fund financial statements.

The Town of Colerain 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 compiled with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

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

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.

Government-wide Financial Analysis

The Town of Colerain's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 363,235	\$ 344,007	\$ 128,174	\$ 115,900	\$ 491,409	\$ 459,907
Capital assets	223,482	250,619	778,408	838,802	1,001,890	1,089,421
Noncurrent assets	-	-	-	-	-	-
Deferred outflows of resources	5,919	6,179	1,974	1,091	7,893	7,270
Total Assets and Deferred Outflows of Resources	\$ 592,636	\$ 600,805	\$ 908,556	\$ 955,793	\$ 1,501,192	\$ 1,556,598
Long-term liabilities outstanding	\$ 10,988	\$ 10,678	\$ 3,663	\$ 1,884	\$ 14,651	\$ 12,562
Other liabilities	7	1,584	7	75	14	1,659
Deferred inflows of resources	1,037	892	346	157	1,383	1,049
Total Liabilities and Deferred Inflows of Resources	\$ 12,032	\$ 13,154	\$ 4,016	\$ 2,116	\$ 16,048	\$ 15,270
Net Position:						
Net investment in capital assets	\$ 223,482	\$ 250,619	\$ 778,408	\$ 838,802	\$ 1,001,890	\$ 1,089,421
Restricted	23,514	8,168	-	-	23,514	8,168
Unrestricted	333,608	328,864	126,132	114,875	459,740	443,739
Total Net Position	\$ 580,604	\$ 587,651	\$ 904,540	\$ 953,677	\$ 1,485,144	\$ 1,541,328

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 Colerain exceeded liabilities and deferred inflows of resources by \$1,485,144 as of June 30, 2021. The Town's net position decreased by \$56,184 for the fiscal year ended June 30, 2021. However, the largest portion (68%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Colerain uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Colerain's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Colerain's net position (1.5%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Colerain's net position \$459,740 (30.5%) is unrestricted. Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position.

- The Town's collection of property tax was 99.22% (99.04% excluding registered motor vehicles).

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

Town of Colerain Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 38,912	\$ 42,109	\$ 79,292	\$ 82,140	\$ 118,204	\$ 124,249
Operating grants and contributions	4,135	4,350	-	-	4,135	4,350
Capital grants and contributions	-	-	-	-	-	-
General revenues:	-	-	-	-	-	-
Property taxes	66,379	63,162	-	-	66,379	63,162
Grants and contributions	65,600	64,813	-	-	65,600	64,813
Other	42,432	174	68	1,724	42,500	1,898
Total Revenues	<u>\$ 217,458</u>	<u>\$ 174,608</u>	<u>\$ 79,360</u>	<u>\$ 83,864</u>	<u>\$ 296,818</u>	<u>\$ 258,472</u>
Expenses:						
General government	\$ 84,849	\$ 51,419	\$ -	\$ -	\$ 84,849	\$ 51,419
Public safety	51,626	48,656	-	-	51,626	48,656
Transportation	65,320	35,001	-	-	65,320	35,001
Environmental Protection	22,710	41,070	-	-	22,710	41,070
Interest on long-term debt	-	-	-	-	-	-
Sewer	-	-	128,497	135,078	128,497	135,078
Total Expenses	<u>\$ 224,505</u>	<u>\$ 176,146</u>	<u>\$ 128,497</u>	<u>\$ 135,078</u>	<u>\$ 353,002</u>	<u>\$ 311,224</u>
Increase (decrease) in net position	\$ (7,047)	\$ (1,538)	\$ (49,137)	\$ (51,214)	\$ (56,184)	\$ (52,752)
Net Position, July 1	<u>\$ 587,651</u>	<u>\$ 589,189</u>	<u>\$ 953,677</u>	<u>\$ 1,004,891</u>	<u>\$ 1,541,328</u>	<u>\$ 1,594,080</u>
Net Position, June 30	<u>\$ 580,604</u>	<u>\$ 587,651</u>	<u>\$ 904,540</u>	<u>\$ 953,677</u>	<u>\$ 1,485,144</u>	<u>\$ 1,541,328</u>

Governmental Activities. Governmental activities decreased the Town's net position by \$7,047.

Business-type Activities. Business-type activities decreased the Town of Colerain's net position by \$49,137. Current revenue does not cover depreciation charges as well as budgeted expenses.

Financial Analysis of the Town's Funds

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

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

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

The general fund is the chief operating fund of the Town of Colerain. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$338,734, while total fund balance was \$362,248. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 172 percent of total General Fund expenditures.

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

Revenues were \$43,060 more than budgeted. Expenditures were \$22,167 more than budgeted.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$126,132. There was a reduction in net position of \$49,137. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Town of Colerain's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$1,001,890 (net of accumulated depreciation). These assets include buildings, roads, and bridges, land, machinery and equipment, park facilities, and vehicles.

**The Town of Colerain's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 14,000	\$ 14,000	\$ 260,895	\$ 260,895	\$ 274,895	\$ 274,895
Buildings and systems	185,690	201,142	517,513	577,907	703,203	779,049
Machinery and equipment	20,341	25,676	-	-	20,341	25,676
Vehicles and motorized equipment	3,451	9,801	-	-	3,451	9,801
Total	<u>\$ 223,482</u>	<u>\$ 250,619</u>	<u>\$ 778,408</u>	<u>\$ 838,802</u>	<u>\$ 1,001,890</u>	<u>\$ 1,089,421</u>

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

Long-term Debt. As of June 30, 2021, the Town of Colerain had total bonded debt outstanding of \$0.00.

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

**The Town of Colerain's Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment purchases	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Colerain is \$1,171,591. The Town has \$0 in bonds authorized but unissued at June 30, 2021.

Additional information regarding the Town of Colerain's long-term debt can be found in notes of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following indicators reflect Colerain and the surrounding area economic condition.

- No significant jobs have been created.
- Retail sales have remained constant but stagnant.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. Property taxes remained at .45 cents per \$100 valuation.

Business-type Activities. The Town anticipates similar expenses for the 2021-2022 fiscal year. The Town raised sewer rates effective July 1, 2021.

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:

Town Clerk
101B Winton Road
Post Office Box 176
Colerain, NC 27924
Telephone (252) 356-2124

Basic Financial Statements

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 338,741	\$ 116,268	\$ 455,009
Taxes receivable (net)	705	-	705
Accrued interest receivable on taxes	275	-	275
Internal balances	-	-	-
Prepaid insurance	-	-	-
Accounts receivable (net)	18,749	9,506	28,255
Inventory	-	2,400	2,400
Restricted cash	4,765	-	4,765
Total Current Assets	<u>\$ 363,235</u>	<u>\$ 128,174</u>	<u>\$ 491,409</u>
Noncurrent assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	\$ 14,000	\$ 260,895	\$ 274,895
Other capital assets, net of depreciation	209,482	517,513	726,995
Total capital assets	<u>\$ 223,482</u>	<u>\$ 778,408</u>	<u>\$1,001,890</u>
Total Assets	<u>\$ 586,717</u>	<u>\$ 906,582</u>	<u>\$1,493,299</u>
Deferred Outflows of Resources:			
Pension deferrals	<u>\$ 5,919</u>	<u>\$ 1,974</u>	<u>\$ 7,893</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 7	\$ 7	\$ 14
Current portion of long-term liabilities	-	-	-
Total Current Liabilities	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 14</u>
Long-term Liabilities:			
Net pension liability	<u>\$ 10,988</u>	<u>\$ 3,663</u>	<u>\$ 14,651</u>
Total Liabilities	<u>\$ 10,995</u>	<u>\$ 3,670</u>	<u>\$ 14,665</u>
Deferred Inflows of Resources			
Prepaid taxes	\$ -	\$ -	\$ -
Pension deferrals	1,037	346	1,383
Total Deferred Inflows of Resources	<u>\$ 1,037</u>	<u>\$ 346</u>	<u>\$ 1,383</u>
Net Position			
Net investment in capital assets	\$ 223,482	\$ 778,408	\$1,001,890
Restricted for:			
Other functions	4,765	-	4,765
Stabilization by State Statute	18,749	-	18,749
Unrestricted	333,608	126,132	459,740
Total Net Position	<u><u>\$ 580,604</u></u>	<u><u>\$ 904,540</u></u>	<u><u>\$1,485,144</u></u>

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

Town of Colerain, 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	
Governmental Activities:							
General government	\$ 84,849	\$ 16,100	\$ -	\$ -	\$ (68,749)	\$ -	\$ (68,749)
Public safety	51,626	1,255	-	-	(50,371)	-	(50,371)
Transportation	65,320	-	3,997	-	(61,323)	-	(61,323)
Interest on long-term debt	-	-	-	-	-	-	-
Environmental protection	22,710	21,557	138	-	(1,015)	-	(1,015)
Total governmental activities	\$ 224,505	\$ 38,912	\$ 4,135	\$ -	\$ (181,458)	\$ -	\$ (181,458)
Business-type activities:							
Sewer	128,497	79,292	-	-	-	(49,205)	(49,205)
Total primary government	<u>\$ 353,002</u>	<u>\$ 118,204</u>	<u>\$ 4,135</u>	<u>\$ -</u>	<u>\$ (181,458)</u>	<u>\$ (49,205)</u>	<u>\$ (230,663)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purpose					\$ 66,379	\$ -	\$ 66,379
Grants and contributions not restricted to specific programs					65,600	-	-
Unrestricted investment earnings					54	68	122
Miscellaneous					42,378	-	42,378
Total general revenues					<u>\$ 174,411</u>	<u>\$ 68</u>	<u>\$ 174,479</u>
Change in Net Position					<u>\$ (7,047)</u>	<u>\$ (49,137)</u>	<u>\$ (56,184)</u>
Net Position, Beginning of year					587,651	953,677	1,541,328
Net Position, End of year					<u>\$ 580,604</u>	<u>\$ 904,540</u>	<u>\$ 1,485,144</u>

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

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

	<u>Major Fund</u> <u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 338,741
Restricted cash	4,765
Due from other funds	-
Receivables, net:	
Taxes	705
Accounts	18,749
Prepaid insurance	-
Total Assets	<u><u>\$ 362,960</u></u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	<u>\$ 7</u>
Deferred Inflows of Resources:	
Property taxes receivable	\$ 705
Prepaid taxes	-
Total Deferred Inflows of Resources	<u>\$ 705</u>
Fund balances:	
Non-spendable	
Prepaid expenses	\$ -
Restricted:	
Stabilization by State statute	18,749
Streets	4,765
Debt service	-
Unassigned	<u>338,734</u>
Total fund balances	<u>\$ 362,248</u>
Total liabilities and fund balances	<u><u>\$ 362,960</u></u>

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

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

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

Ending fund balance - governmental funds	\$ 362,248
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	223,482
Deferred outflows of resources related to pension funds are not reported in the funds	5,919
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are not reported in the funds.	275
Liabilities for earned revenues considered deferred inflows of resources in fund statements	705
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	
Net pension liability	(10,988)
Pension related deferrals	(1,037)
Net position of governmental activities	\$ 580,604

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

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

	<u>Major Fund</u> <u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 66,467
Other taxes and licenses	-
Unrestricted intergovernmental	65,600
Restricted intergovernmental	4,135
Sales and services	38,912
Investment earnings	54
Miscellaneous	42,378
Total Revenues	<u>\$ 217,546</u>
Expenditures	
Current:	
General government	\$ 80,105
Public safety	31,902
Transportation	61,936
Environmental protection	22,710
Debt Service:	
Principal	-
Interest expense	-
Total Expenditures	<u>\$ 196,653</u>
Net Change in Fund Balance	<u>\$ 20,893</u>
Fund balances	
Beginning of year	<u>341,355</u>
End of year	<u><u>\$ 362,248</u></u>

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

Town of Colerain, 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 activities are different because:

Net change in fund balance - governmental funds	\$ 20,893
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (less than) depreciation in the current period.	(27,137)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,892
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in	
- Change in unavailable revenue for tax revenues	(88)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Pension expense	(3,607)
Change in net position of governmental activities	\$ (7,047)

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

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

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$ 64,000	\$ 64,000	\$ 66,467	\$ 2,467
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	55,900	55,900	65,600	9,700
Restricted intergovernmental	4,300	4,300	4,135	(165)
Sales and services	49,800	49,809	38,912	(10,897)
Investment earnings	162	162	54	(108)
Miscellaneous	315	315	42,378	42,063
Total Revenues	<u>\$ 174,477</u>	<u>\$ 174,486</u>	<u>\$ 217,546</u>	<u>\$ 43,060</u>
Expenditures				
Current:				
General government	\$ 60,528	\$ 60,537	\$ 80,105	\$ (19,568)
Public safety	16,300	16,300	31,902	(15,602)
Transportation	45,907	45,907	61,936	(16,029)
Environmental protection	51,742	51,742	22,710	29,032
Debt Service:				
Principal	-	-	-	-
Interest expense	-	-	-	-
Total Expenditures	<u>\$ 174,477</u>	<u>\$ 174,486</u>	<u>\$ 196,653</u>	<u>\$ (22,167)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 20,893</u>
Other Financing Sources				
Loan proceeds	\$ -	\$ -	\$ -	\$ -
Fund balance appropriated	-	-	-	-
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 20,893</u>
Fund Balances				
Beginning of year			341,355	
End of year			<u>\$ 362,248</u>	

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

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

	<u>Major Fund</u> <u>Enterprise Fund</u> <u>Sewer Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 116,268
Accounts receivable (net)	9,506
Inventory	2,400
Total Current Assets	<u>\$ 128,174</u>
Capital Assets:	
Land and other non-depreciable assets	\$ 260,895
Other capital assets, net of depreciation	517,513
Capital assets (net)	<u>\$ 778,408</u>
Total Assets	<u>\$ 906,582</u>
Deferred Outflows of Resources	
Pension deferrals	<u>\$ 1,974</u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 7
Due to other funds	-
Total Current Liabilities	<u>\$ 7</u>
Noncurrent liabilities:	
Net pension liability	<u>\$ 3,663</u>
Total Liabilities	<u>\$ 3,670</u>
Deferred Inflows of Resources	
Pension deferrals	<u>\$ 346</u>
Net Position	
Net investment in capital assets	\$ 778,408
Restricted net position	-
Unrestricted net position	126,132
Total net position	<u><u>\$ 904,540</u></u>

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

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

	<u>Major Fund</u>
	<u>Enterprise Funds</u>
	<u>Sewer Fund</u>
Operating Revenues	
Charges for services	\$ 79,292
Operating Expenses	
Salaries & employee benefits	\$ -
Repairs & maintenance	22,489
Utilities	6,424
Contracted services	25,682
Other operating expenses	13,507
Depreciation	60,395
Total operating expenses	\$ 128,497
Operating income (loss)	\$ (49,205)
Nonoperating Revenues (Expenses)	
Investment earnings	68
Miscellaneous revenue	-
Total nonoperating revenue (expenses)	\$ 68
Change in net position	\$ (49,137)
Total net position, Beginning of year	953,677
Total net position, End of year	\$ 904,540

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

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

	Major Fund
	Enterprise Fund
	Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 77,886
Cash paid for goods and services	(60,386)
Cash paid to or on behalf of employees for services	-
Net cash provided (used) by operating activities	<u>\$ 17,500</u>
Cash Flows From Investing Activities	
Interest	\$ 68
Other income	-
Net cash provided by investing activities	<u>\$ 68</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	\$ -
Changes in interfund payables	-
Net cash provided (used) by Capital and Related Financing Activities	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 17,568
Balances - Beginning of year	98,700
Balances - End of year	<u><u>\$ 116,268</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (49,205)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	60,395
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,406)
(Increase) decrease in inventory	6,700
(Increase) decrease in net pension liability	1,779
Increase (decrease) in deferred inflows	(883)
Increase (decrease) in accounts payable	(68)
(Increase) decrease in deferred outflows	<u>188</u>
Net cash provided by (used for) operating activities	<u><u>\$ 17,500</u></u>

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

Town of Colerain, 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 Colerain 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 Colerain is a municipal corporation that is governed by an elected mayor and a four-member council.

B. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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 emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Town of Colerain, 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 primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The Town reports the following nonmajor governmental fund: None.

The Town reports the following major enterprise funds:

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

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. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the 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 nonoperating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as the 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 Colerain because the tax is levied by Northampton 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 fund 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. All annual appropriations lapse at the fiscal year-end. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level

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

for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments must be approved by the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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. 15-31]. 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 SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town investments with a maturity of more than one year at acquisition and non-money market 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 fair value. Because the NCCMT Government Portfolio has a weighted maturity of less than 90 days, it is projected as an investment with a maturity of less than 6 months.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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 of local streets per G.S. 136-41.1 through 136-14.4.

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

Town of Colerain Restricted Cash

Governmental Activities:

General Fund:

Streets \$ 4,765

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. No allowances have been recorded.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$1,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$1,000; infrastructure, \$20,000; furniture and equipment, \$1,000; and vehicles, \$1,000. 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. Sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980 are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	20-40
Buildings	20-40
Improvements	20
Vehicles	5-20
Furniture and equipment	5-10
Computer equipment	5

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

7. Compensated Absences

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

The Town's sick leave policy provides for a maximum accumulation of 12 days for an indeterminate period. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals 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 one items that meet the criterion for this category - property taxes receivable and deferrals of pension expense that result from the implementation of GASB 68.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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.

**Town of Colerain, 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 can be composed of five classifications designed to dissolve the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

Restricted by 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 - portion of fund balance that is restricted by revenue source.

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

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

The Town of Colerain 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. Pensions

For purposes of measuring the net pension asset, 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 Colerain employer contributions are recognized when due and the Town of Colerain 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. Significant Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes - 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 May 12, 2022. Due to changeover in Town personnel, the final accounting records were not received for audit until April 2022. The Town had four town clerks in the past eighteen months. Management believes the current town clerk has sufficient accounting knowledge and experience with the new software to ensure the next audit will be timely.

B. Excess of Expenditures Over Appropriations

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 by \$19,568; Public Safety by \$15,602; Transportation by \$16,029. These over-expenditures occurred due to the records not being prepared timely in order for the Board to approve appropriate budget amendments. Management and the Board will more closely review the budget reports to ensure compliance in future years.

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

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 G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$459,749 and a bank balance of \$460,304. Of the bank balance, all of it was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The Town has petty cash on hand in the amount of \$25.

2. Capital Assets

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

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Capital assets being depreciated:				
Buildings	\$ 354,045	\$ -	\$ -	\$ 354,045
Equipment, furniture	131,872	-	-	131,872
Vehicles	140,926	-	-	140,926
Total capital assets being	\$ 485,917	\$ -	\$ -	\$ 485,917
depreciated	\$ 626,843	\$ -	\$ -	\$ 626,843
Less accumulated depreciation for:				
Buildings	\$ 152,903	\$ 15,452	\$ -	\$ 168,355
Equipment, furniture	106,196	5,335	-	111,531
Vehicles	131,125	6,350	-	137,475
Total accumulated depreciation	\$ 390,224	\$ 27,137	\$ -	\$ 417,361
Total capital assets being	\$ 354,792			\$ 348,442
depreciated, net	\$ 236,619			\$ 209,482
Governmental activity capital	\$ 390,224			\$ 417,361
assets, net	\$ 250,619			\$ 223,482

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

General government	\$ 4,029
Public safety	19,724
Transportation	3,384
Environmental protection	-
Total depreciation expense	<u>\$ 27,137</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 260,895	\$ -	\$ -	\$ 260,895
Capital assets being depreciated:				
Sewer collection system	\$2,848,970	\$ -	\$ -	\$2,848,970
Equipment	55,938	-	-	55,938
	<u>\$2,904,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,904,908</u>
Less accumulated depreciation for:				
Sewer distribution system	\$2,271,062	\$60,395	\$ -	\$2,331,457
Equipment	55,938	-	-	55,938
Total accumulated depreciation	<u>\$2,327,000</u>	<u>\$60,395</u>	<u>\$ -</u>	<u>\$2,387,395</u>
Total capital assets being depreciated, net	<u>\$ 577,908</u>			<u>\$ 517,513</u>
Sewer Fund capital assets, net	<u>\$ 838,803</u>			<u>\$ 778,408</u>

C. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Colerain 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.

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

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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Colerain 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 Colerain contractually required contribution rate for the year ended June 30, 2021, was 10.36% of compensation for general 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 Colerain were \$2,892 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, 2021, the Town reported a liability of \$14,651 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. 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

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

covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.00041%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$4,690. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,850	\$ -
Changes of assumptions	1,090	-
Net difference between projected and actual earnings on pension plan investments	2,061	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	1,383
Town contributions subsequent to the measurement date	2,892	-
Total	<u>\$ 7,893</u>	<u>\$ 1,383</u>

\$2,892 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	\$ 845
2023	1,418
2024	746
2025	610
2026	
Thereafter	-
	<u>\$ 3,619</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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

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

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

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

Sensitivity of the Town's proportionate share of the net pension 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)	\$ 29,725	\$ 14,651	\$ 2,123

b. Law Enforcement Officers Special Separation Allowances

The Town of Colerain had no law enforcement officers during the year.

2. Deferred / Outflows and Inflows of Resources

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

Pension deferrals	<u><u>\$ 7,893</u></u>
-------------------	------------------------

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

	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable	\$ -	\$ 705
Pension deferrals	1,383	-
	<u><u>\$ 1,383</u></u>	<u><u>\$ 705</u></u>

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

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town carries flood insurance with a limit of \$1,000,000 per occurrence.

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 Clerk and Mayor are bonded for \$50,000 each.

3. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town was not a defendant in any lawsuits.

4. Long-term Obligations

a. Legal Debt Margin

At June 30, 2021, the Town of Colerain had a legal debt margin of \$1,171,591.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	\$ 223,482	\$ 778,408
Less: Long-term debt	-	-
Net Investment in Capital Assets	<u>\$ 223,482</u>	<u>\$ 778,408</u>

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

E. 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	\$ 362,248
Less:	
Stabilization by State Statute	18,749
Streets-Powell Bill	4,765
Non spendable-prepaid expenses	-
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	338,734

IV. Related Party Transaction

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

V. Estimates

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

VI. Summary Disclosure of Significant Contingencies

A. Federal and State Assisted Programs

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

VII. Subsequent Events

As of May 12, 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

Town of Colerain, North Carolina
Town of Colerain'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 Colerain's proportion of the net pension liability (asset) (%)	0.00041%	0.00046%	0.00050%	0.00053%	0.00055%	0.00054%	0.0006%	0.0006%
Town of Colerain's proportion of the net pension liability (asset) (\$)	\$ 14,651	\$ 12,562	\$ 11,862	\$ 8,097	\$ 11,673	\$ 2,423	\$ (3,539)	\$ 7,232
Town of Colerain's covered-employee payroll	\$ 30,600	\$ 39,919	\$ 39,712	\$ 38,363	\$ 37,501	\$ 34,463	\$ 33,700	\$ 32,072
Town of Colerain's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.88%	31.47%	29.87%	21.11%	31.13%	7.03%	-10.50%	22.55%
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 Colerain, North Carolina
Town of Colerain'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	\$ 2,892	\$ 2,765	\$ 2,327	\$ 2,252	\$ 2,149	\$ 1,893	\$ 1,834	\$ 1,790
Contributions in relation to the contractually required contributions	2,892	2,765	2,327	2,252	2,149	1,893	1,834	1,790
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Colerain's covered-employee payroll	\$ 27,917	\$ 30,600	\$ 39,919	\$ 39,712	\$ 38,363	\$ 37,501	\$ 34,463	\$ 33,700
Contributions as a percentage of covered-employee payroll	10.36%	9.04%	5.83%	5.67%	5.60%	5.05%	5.32%	5.31%

Individual Fund Statements and Schedules

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

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes		\$ 66,171	
Penalties and interest		296	
Total	\$ 64,000	\$ 66,467	\$ 2,467
Unrestricted intergovernmental revenues:			
Local option sales tax	\$ 38,000	\$ 47,890	\$ 9,890
Video programming	-	2,094	2,094
Utility franchise tax	17,000	11,891	(5,109)
Telecommunication sales tax	-	2,952	2,952
Beer and wine tax	-	773	773
Sales & gas tax refunds	900	-	(900)
Total	\$ 55,900	\$ 65,600	\$ 9,700
Restricted intergovernmental revenues:			
Powell bill allocation	\$ 4,200	\$ 3,997	\$ (203)
Solid Waste disposal tax	100	138	38
Total	\$ 4,300	\$ 4,135	\$ (165)
Sales and Services:			
Garbage collection	\$ 24,909	\$ 19,557	\$ (5,352)
Cemetery plots	3,000	2,000	(1,000)
Fees	800	1,255	455
Reimbursements	-	-	-
Rents	21,100	16,100	(5,000)
Total	\$ 49,809	\$ 38,912	\$ (10,897)
Investment Earnings	\$ 162	\$ 54	\$ (108)
Miscellaneous:			
Miscellaneous	\$ 315	\$ -	\$ (315)
Insurance reimbursements	-	42,378	42,378
Total	\$ 315	\$ 42,378	\$ 42,063
Total Revenues	\$ 174,486	\$ 217,546	\$ 43,060

Town of Colerain, 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:			
Administrative:			
Salaries and employee benefits		\$ 11,412	
Insurance and bonds		406	
Professional services		11,909	
Capital outlay		-	
Other operating expenses		40,545	
Total	<u>\$ 51,051</u>	<u>\$ 64,272</u>	<u>\$ (13,221)</u>
Public buildings:			
Maintenance		\$ 15,555	
Utilities		278	
Other operating expenses		-	
Total	<u>\$ 9,486</u>	<u>\$ 15,833</u>	<u>\$ (6,347)</u>
Total General Government	<u>\$ 60,537</u>	<u>\$ 80,105</u>	<u>\$ (19,568)</u>
Public safety:			
Fire & rescue:			
Maintenance		\$ 3,006	
Capital outlay		-	
Other operating expenses		28,896	
Total Public Safety	<u>\$ 16,300</u>	<u>\$ 31,902</u>	<u>\$ (15,602)</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		\$ 36,233	
Vehicle maintenance		3,146	
Utilities		11,860	
Other operating expenses		10,697	
Capital outlay		-	
Total Transportation	<u>\$ 45,907</u>	<u>\$ 61,936</u>	<u>\$ (16,029)</u>

Town of Colerain, 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)
Environmental Protection			
Sanitation:			
Contracted services	\$ -	\$ 20,756	\$ -
Salaries	-	-	-
Other operating expenses	-	-	-
Total	<u>\$ 36,877</u>	<u>\$ 20,756</u>	<u>\$ 16,121</u>
Cemetery:			
Other operating expenses	<u>\$ 14,865</u>	<u>\$ 1,954</u>	<u>\$ 12,911</u>
Total Environmental Protection	<u>\$ 51,742</u>	<u>\$ 22,710</u>	<u>\$ 29,032</u>
Debt Service			
Principal retirement	\$ -	\$ -	\$ -
Interest expense	-	-	-
Total Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 174,486</u>	<u>\$ 196,653</u>	<u>\$ (22,167)</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 20,893</u>
Other Financing Sources (Uses)			
Loan proceeds	\$ -	\$ -	\$ -
Fund balance appropriated	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 20,893</u>	<u>\$ 20,893</u>
Fund Balances			
Beginning of year		<u>341,355</u>	
End of year		<u>\$ 362,248</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Operating revenues:			
Charges for service:			
Sewer fees		\$ 79,292	
Nonoperating revenues:			
Interest income		68	
Miscellaneous		-	
Total Revenues	<u>\$ 83,250</u>	<u>\$ 79,360</u>	<u>\$ (3,890)</u>
Expenditures			
Sewer Department:			
Salaries and employee benefits			
Repairs and maintenance		22,489	
Utilities		6,424	
Contracted services		25,682	
Other operating expenses		13,507	
Total	<u>\$ 83,250</u>	<u>\$ 68,102</u>	<u>\$ 15,148</u>
Capital Outlay:			
Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 83,250</u>	<u>\$ 68,102</u>	<u>\$ 15,148</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 11,258</u>	<u>\$ 11,258</u>
Other Financing Sources:			
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ 11,258</u></u>	<u><u>\$ 11,258</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over (under) expenditures		\$ 11,258	
Reconciling items:			
Capital Outlay		-	
Depreciation		<u>(60,395)</u>	
Net income (loss) before operating transfers		<u><u>\$ (49,137)</u></u>	

Other Schedules

This section contains additional information on property taxes.

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

Town of Colerain, 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	\$ -	\$ 65,902	\$ 65,391	\$ 511
2019-2020	477	-	440	37
2018-2019	382	-	328	54
2017-2018	229	-	187	42
2016-2017	80	-	55	25
2015-2016	16	-	-	16
2014-2015	11	-	-	11
2013-2014	9	-	-	9
2012-2013	234	-	-	234
2011-2012	234	-	-	234
Total	<u>\$ 1,672</u>	<u>\$ 65,902</u>	<u>\$ 66,401</u>	<u>\$ 1,173</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>(468)</u>
Ad valorem taxes receivable net				<u><u>\$ 705</u></u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 66,467
Reconciling items:				
Interest & penalties				(296)
Taxes written off, releases				230
Discoveries and abatements				-
Total collections and credits				<u><u>\$ 66,401</u></u>

Town of Colerain, North Carolina
Analysis of Current Tax Levy - Town-wide Levy
For the 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	\$11,864,667	0.45	\$ 53,391	\$ 53,391	\$ -
Registered motor vehicles	2,780,222	0.45	12,511	-	12,511
Total	<u>\$14,644,889</u>		<u>\$ 65,902</u>	<u>\$ 53,391</u>	<u>\$ 12,511</u>
Uncollected taxes at June 30, 2021			511	511	-
Current year's taxes collected			<u>\$ 65,391</u>	<u>\$ 52,880</u>	<u>\$ 12,511</u>
Current levy collection percentage			99.22%	99.04%	100.00%