

REVIEWED

By SLGFD at 11:13 am, Jan 03, 2022

**TOWN OF CONNELLY SPRINGS
CONNELLY SPRINGS, NORTH CAROLINA**

**BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Morganton, North Carolina

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Boggs, Crump & Brown, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable Mayor
and Members of the Board of Aldermen
Connelly Springs, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Member: American Institute of CPA's - North Carolina Association of CPA's

Opinions

In our opinion, 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 Connelly Springs, 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 ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4 - 11, and the Local Government Employees' Retirement Systems schedules of the proportionate share of the net pension asset and contributions on pages 39 and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

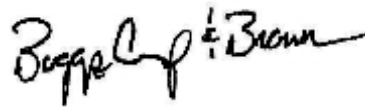
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Connelly Springs, North Carolina. The introductory information, 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 us.

In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

A handwritten signature in black ink, appearing to read "Boggs Crump & Brown". The signature is written in a cursive, flowing style.

Boggs, Crump & Brown, P.A.
Certified Public Accountants

October 22, 2021
Morganton, North Carolina

Management's Discussion and Analysis

As management of the Town of Connelly Springs, we offer readers of the Town of Connelly Springs' financial statements this narrative overview and analysis of the financial activities of the Town of Connelly Springs 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.

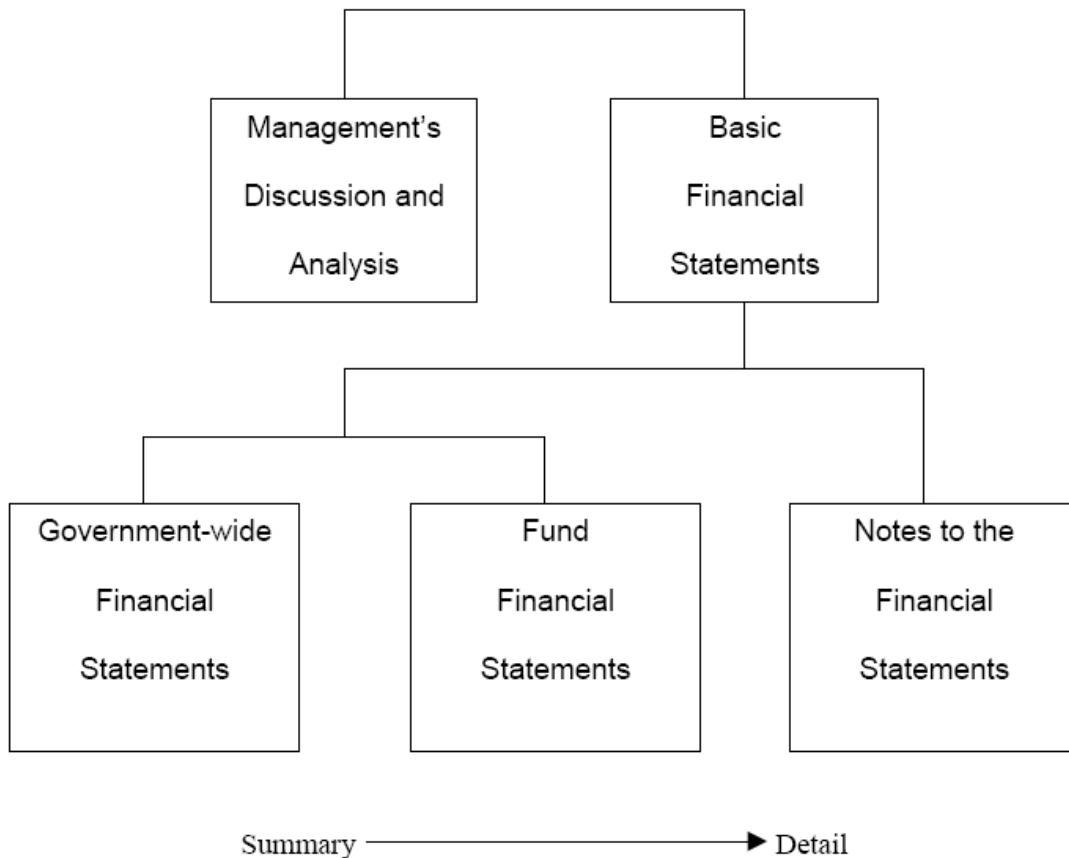
Financial Highlights

- The assets of the Town of Connelly Springs *exceeded* its liabilities at the close of the fiscal year by \$5,456,239.
- The government's total net position increased by \$73,564 primarily due to *increases* in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Connelly Springs' governmental funds reported combined ending fund balances of \$1,924,738 an *increase* of \$277,218 in comparison with the prior year. Approximately 79% of this total amount, or \$1,516,254, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,516,254, or 374% 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 Town of Connelly Springs' 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 Connelly Springs.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town 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 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 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. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and sales taxes 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 Connelly Springs.

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

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Connelly Springs, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Connelly Springs can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Connelly Springs adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the 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 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 – The Town of Connelly Springs 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 Connelly Springs uses the enterprise fund to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21-38 of this report.

Government-Wide Financial Analysis

**Town of Connelly Springs Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Current assets	\$1,963,565	\$1,674,153	\$ 49,004	\$ 106,170	\$2,012,569	\$1,780,323
Capital assets	1,428,424	1,469,745	2,069,035	2,170,573	3,497,459	3,640,318
Deferred outflows of resources	19,049	15,645			19,049	15,645
Total assets and deferred outflows of resources	<u>3,411,038</u>	<u>3,159,543</u>	<u>2,118,039</u>	<u>2,276,743</u>	<u>5,529,077</u>	<u>5,436,286</u>
Other liabilities	69,845	49,954		1,205	69,845	51,159
Deferred inflows of resources	2,993	2,452			2,993	2,452
Total liabilities and deferred inflows of resources	<u>72,838</u>	<u>52,406</u>		1,205	<u>72,838</u>	<u>53,611</u>
Net position:						
Net Investment in capital assets	1,428,424	1,469,745	2,069,035	2,170,573	3,497,459	3,640,318
Restricted	408,484	395,282			408,484	395,282
Unrestricted	<u>1,501,292</u>	<u>1,242,110</u>	<u>49,004</u>	<u>104,965</u>	<u>1,550,296</u>	<u>1,347,075</u>
Total net position	<u>\$3,338,200</u>	<u>\$3,107,137</u>	<u>\$2,118,039</u>	<u>\$2,275,538</u>	<u>\$5,456,239</u>	<u>\$5,382,675</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Connelly Springs exceeded liabilities by \$5,456,239 as of June 30, 2021. The Town's net position *increased* by \$73,564 for the fiscal year ended June 30, 2021. A large portion (64%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Connelly Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Connelly Springs' 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 Connelly Springs' net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,550,296 is unrestricted.

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

- Increase in sales tax revenues.
- Diligence in keeping expenditures as low as possible.

Town of Connelly Springs Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenues:						
Program revenues:						
Charges for services	\$	\$	\$ 53,526	\$ 55,848	\$ 53,526	\$ 55,848
General revenues:						
Property taxes	70,399	68,130			70,399	68,130
Other taxes	577,372	508,165			577,372	508,165
Other Revenue	1,725	8,791			1,725	8,791
Grants	37,501	35,784			37,501	35,784
Total revenues	<u>686,997</u>	<u>620,870</u>	<u>53,526</u>	<u>55,848</u>	<u>740,523</u>	<u>676,718</u>
Expenses:						
General government	279,427	254,037			279,427	254,037
Public safety	63,301	94,912			63,301	94,912
Streets	21,861	75,572			21,861	75,572
Sanitation	80,529	74,908			80,529	74,908
Culture and recreation	10,816	19,824			10,816	19,824
Water and sewer			211,025	155,359	211,025	155,359
Total expenses	<u>455,934</u>	<u>519,253</u>	<u>211,025</u>	<u>155,359</u>	<u>666,959</u>	<u>674,612</u>
Increase (decrease) in net position before transfers	231,063	101,617	(157,499)	(99,511)	73,564	2,106
Transfers						
Increase (decrease) in net position	231,063	101,617	(157,499)	(99,511)	73,564	2,106
Net position, beginning restated	<u>3,107,137</u>	<u>3,005,520</u>	<u>2,275,538</u>	<u>2,375,049</u>	<u>5,382,675</u>	<u>5,380,569</u>
Net position, June 30	<u><u>\$3,338,200</u></u>	<u><u>\$3,107,137</u></u>	<u><u>\$2,118,039</u></u>	<u><u>\$2,275,538</u></u>	<u><u>\$5,456,239</u></u>	<u><u>\$5,382,675</u></u>

Governmental activities. Governmental activities increased the Town's net position by \$231,063. Key elements of this increase are as follows:

- Increase in sales tax

Business-type activities: Business-type activities decreased the Town of Connelly Springs' net position by \$157,499.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Connelly Springs. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,516,254, while total fund balance reached \$1,924,738. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 374% of total General Fund expenditures.

At June 30, 2021, the governmental funds of Town of Connelly Springs reported a combined fund balance of \$1,924,738, a 17% *increase* from the prior year. Included in this change in fund balance are increases in fund balance in the General Fund and in the Capital Reserve Fund.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on one occasion. This amendment was made to transfer expenditures between departments.

Revenues came in greater than projected due to an increase in local option sales tax.

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 Water and Sewer Funds at the end of the fiscal year amounted to \$49,004. The Water and Sewer Fund decreased net position by \$157,499. 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 Connelly Springs' investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$3,497,459 (net of accumulated depreciation). These assets include buildings, roads, land, equipment, park facilities, and vehicles.

- There were capital asset additions of \$34,846 during the year.

Town of Connelly Springs' Capital Assets
Figure 4

	<u>Governmental Activities</u> <u>2021</u>	<u>Business-type Activities</u> <u>2021</u>	<u>Total Primary Government</u> <u>2021</u>
Land	\$ 367,144	\$	\$ 367,144
Building and Systems	490,361	2,069,035	2,559,396
Vehicles and Equipment	3,889		3,889
Infrastructure	254,451		254,451
Leasehold Improvements	<u>312,579</u>	<u> </u>	<u>312,579</u>
Total	<u>\$1,428,424</u>	<u>\$2,069,035</u>	<u>\$3,497,459</u>

Additional information on the Town's capital assets can be found in notes 1 and 2 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the slow growth of the Town.

- High unemployment.
- Loss of manufacturing jobs.

The following key economic indicators reflect the potential for higher future growth of the Town.

- Expanded sewer system will increase revenues
- The Town has annexed property which has the potential for development

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Sales tax revenue increase will offset decrease from property taxes. The Town will use these revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to hold steady.

Business-type Activities: The water and sewer rates in the Town will remain constant. The Town of Connelly Springs purchases water from the Icard Water Corporation and purchases sewer treatment from the Town of Valdese. As their costs increase the higher cost is passed to the Town of Connelly Springs.

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 Tamara Brooks, Town Clerk, at (828) 879-2321.

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	PRIMARY GOVERNMENT		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,555,081	\$ 47,917	\$ 1,602,998
Taxes receivables (net)	4,002	1,087	5,089
Accounts receivable (net)	91,361	-	91,361
Restricted cash	313,121	-	313,121
Net pension asset	-	-	-
Total current assets	1,963,565	49,004	2,012,569
Capital assets (Note 1):			
Land, non-depreciable improvements, and construction in progress	367,144	1,500	368,644
Other capital assets, net of depreciation	1,061,280	2,067,535	3,128,815
Total capital assets	1,428,424	2,069,035	3,497,459
Total assets	3,391,989	2,118,039	5,510,028
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	19,049	-	19,049
Total current outflows of resources	19,049	-	19,049
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	34,825	-	34,825
Long-term liabilities:			
Net pension liability	35,020	-	35,020
Due within one year	-	-	-
Due in more than one year	-	-	-
Total liabilities	69,845	-	69,845
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	2,993	-	2,993
Total current inflows of resources	2,993	-	2,993
NET POSITION			
Net investment in capital assets	1,428,424	2,069,035	3,497,459
Restricted for:			
Stabilization by State Statute	95,363	-	95,363
Transportation	124,262	-	124,262
Capital projects	188,859	-	188,859
Unrestricted	1,501,292	49,004	1,550,296
Total net position	\$ 3,338,200	\$ 2,118,039	\$ 5,456,239

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	279,427	-	3,013	-	(276,414)	-	(276,414)
Transportation	21,861	-	-	34,488	12,627	-	12,627
Environmental protection	80,529	-	-	-	(80,529)	-	(80,529)
Public safety	63,301	-	-	-	(63,301)	-	(63,301)
Cultural and recreation	10,816	-	-	-	(10,816)	-	(10,816)
Total governmental activities	455,934	-	3,013	34,488	(418,433)	-	(418,433)
Business-type activities:							
Water and sewer	211,025	53,526	-	-	-	(157,499)	(157,499)
Total business-type activities	211,025	53,526	-	-		(157,499)	(157,499)
Total primary government	<u>\$ 666,959</u>	<u>\$ 53,526</u>	<u>\$ 3,013</u>	<u>\$ 34,488</u>	<u>(418,433)</u>	<u>(157,499)</u>	<u>(575,932)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					70,399	-	70,399
Unrestricted Intergovernmental revenues					577,372	-	577,372
Unrestricted investment earnings					399	-	399
Miscellaneous					1,326	-	1,326
Transfers					-	-	-
Total general revenues, special items, and transfers					649,496	-	649,496
Change in net position					231,063	(157,499)	73,564
Net position - beginning					3,107,137	2,275,538	5,382,675
Net position - ending					<u>\$ 3,338,200</u>	<u>\$ 2,118,039</u>	<u>\$ 5,456,239</u>

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Major Funds</u> <u>General</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,555,081	1,555,081
Receivables, net		
Taxes	4,002	4,002
Accounts	91,361	91,361
Restricted cash	313,121	313,121
	<u>1,963,565</u>	<u>1,963,565</u>
Total assets		
	<u>1,963,565</u>	<u>1,963,565</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	34,825	34,825
	<u>34,825</u>	<u>34,825</u>
Total liabilities	<u>34,825</u>	<u>34,825</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Property Taxes Recivable	4,002	4,002
	<u>4,002</u>	<u>4,002</u>
Total Deferred Inflows of Resources	<u>4,002</u>	<u>4,002</u>
Fund balances:		
Restricted:		
Stabilization by State statute	95,363	95,363
Streets	124,262	124,262
Capital projects	188,859	188,859
Unassigned	1,516,254	1,516,254
	<u>1,924,738</u>	<u>1,924,738</u>
Total fund balances	<u>1,924,738</u>	<u>1,924,738</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,963,565</u>	

Amounts reported in governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,428,424
Earned revenues considered deferred inflows of resources in fund statements	4,002
Liabilities for earned revenues considered deferred inflows of Resources in fund statements	(2,993)
Net pension liability	(35,020)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	5,784
Pension related deferrals	13,265
Net position of governmental activities	<u>\$ 3,338,200</u>

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Major Funds General	Total Governmental Funds
REVENUES		
Ad valorem taxes	\$ 66,397	\$ 66,397
Unrestricted intergovernmental	577,372	577,372
Restricted intergovernmental	37,501	37,501
Investment earnings	399	399
Miscellaneous	1,326	1,326
	<hr/>	<hr/>
Total revenues	682,995	682,995
	<hr/>	<hr/>
EXPENDITURES		
Current:		
General government	251,579	251,579
Transportation	5,213	5,213
Environmental protection	80,529	80,529
Public safety	10,816	10,816
Culture and recreation	57,640	57,640
	<hr/>	<hr/>
Total expenditures	405,777	405,777
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	277,218	277,218
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds		
Transfers to other funds		
	<hr/>	<hr/>
Total other financing sources (uses)		
	<hr/>	<hr/>
Net changes in fund balance	277,218	277,218
Fund balances - beginning	1,647,520	1,647,520
	<hr/>	<hr/>
Fund Balances - Ending	<u>\$ 1,924,738</u>	<u>\$ 1,924,738</u>

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Net changes in fund balances - total governmental funds	\$ 277,218
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 depreciation in the current period exceeded capital outlay.	(41,321)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,002)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,784
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.	<u>(6,616)</u>
Total changes in net position of governmental activities	<u><u>\$ 231,063</u></u>

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 58,502	\$ 58,502	\$ 66,397	\$ 7,895
Unrestricted intergovernmental	418,583	418,583	577,372	158,789
Restricted intergovernmental	36,213	39,226	37,501	(1,725)
Investment earnings	-	-	349	349
Miscellaneous	2,225	2,225	1,326	(899)
Total Revenues	515,523	518,536	682,945	164,409
Expenditures:				
Current:				
General government	324,873	331,722	251,579	80,143
Transportation	36,212	36,212	5,213	30,999
Environmental protection	86,648	81,500	80,529	971
Culture and recreation	20,100	10,850	10,816	34
Public safety	85,115	85,115	57,640	27,475
Total expenditures	552,948	545,399	405,777	139,622
Revenues over (under) expenditures	(37,425)	(26,863)	277,168	304,031
Other financing sources (uses):				
Transfers to other funds				-
Appropriated Fund balance	37,425	26,863		(26,863)
Total other financing sources (uses)	37,425	26,863	-	(26,863)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	277,168	\$ 277,168
Fund balances, beginning of year			1,458,711	
Fund balance, ending			1,735,879	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Interest income			50	
Fund balance, beginning			188,809	
Fund balance, ending (Exhibit 4)			\$ 1,924,738	

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 47,917
Accounts Receivable	<u>1,087</u>
Total current assets	<u>49,004</u>
Capital assets:	
Other capital assets, net of depreciation	<u>2,069,035</u>
Capital assets, net	<u>2,069,035</u>
Total assets	<u><u>\$ 2,118,039</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
NET POSITION	
Net investment in capital assets	2,069,035
Restricted for:	
Stabilization by State statute	
Unrestricted	<u>49,004</u>
Total net position	<u><u>\$ 2,118,039</u></u>
Net position of business-type activities	<u><u>\$ 2,118,039</u></u>

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 53,526
Total operating revenues	<u>53,526</u>
OPERATING EXPENSES	
Water distribution	79,838
Waste collection and treatment	29,649
Depreciation	<u>101,538</u>
Total operating expenses	<u>211,025</u>
Operating income (loss)	<u>(157,499)</u>
Income (loss) before contributions and transfers	<u>-</u>
Change in net position	(157,499)
Total net position - beginning	<u>2,275,538</u>
Total net position - ending	<u><u>\$ 2,118,039</u></u>
Net position - business-type activities	<u><u>\$ 2,118,039</u></u>

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 52,439
Cash paid for goods and services	<u>110,692</u>
Net cash provided (used) by operating activities	<u>(58,253)</u>
Net increase (decrease) in cash and cash equivalents	(58,253)
Balances - beginning of year	<u>106,170</u>
Balances - end of year	<u><u>\$ 47,917</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	<u>\$ (157,499)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	101,538
Increase (decrease) in Accounts Payable	(1,205)
(Increase) decrease in Accounts Receivable	<u>(1,087)</u>
Total adjustments	<u>99,246</u>
Net cash provided (used) by operating activities	<u><u>\$ (58,253)</u></u>

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

**TOWN OF CONNELLY SPRINGS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

I. Summary of Significant Accounting Policies:

The accounting policies of the Town of Connelly Springs 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 Connelly Springs is a municipal corporation which is governed by an elected mayor and a six member Board of Aldermen.

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.

I. Summary of Significant Accounting Policies - (Continued):

B. Basis of Presentation - (Continued):

The Town reports the following major governmental fund:

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

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.

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 water and sewer system. Operating expenses for enterprise funds include the cost of sales and

I. Summary of Significant Accounting Policies - (Continued):

C. Measurement Focus and Basis of Accounting - (Continued):

services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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 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 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, including the Town of Connelly Springs. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues such as the utilities franchise tax collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Connelly Springs because the tax is levied by Burke 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. Grant revenues which are unearned at year-end are recorded as unearned 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 are both restricted and unrestricted net position available to finance the program.

I. Summary of Significant Accounting Policies - (Continued):

C. Measurement Focus and Basis of Accounting - (Continued):

It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data:

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Reserve Special Revenue Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Any revisions made to the original budget must be approved by the governing board. During the year one amendment to the original budget was necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity:

1. Deposits and Investments

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

State law [G.S. 159-30©)] 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 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

I. Summary of Significant Accounting Policies - (Continued):

E. Assets, Liabilities, and Fund Equity - (Continued):

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

Money in the Capital Reserve Fund is classified as restricted because its use is restricted by revenue source for capital projects.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. 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. 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, contributions made to the pension plan in the 2020 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 item that meets the criterion for this category deferrals of pension expense that result from the implementation of GASB Statement 68.

6. 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.

I. Summary of Significant Accounting Policies - (Continued):

E. Assets, Liabilities, and Fund Equity - (Continued):

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$2,500; Buildings, improvements, substations, lines, and other plant and distribution systems, \$2,000; infrastructure, \$5,000; furniture and equipment, \$1,000; and vehicles, \$2,500. 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. General infrastructure assets acquired prior to July 1, 2004, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3
Substations lines and related equipment	40
Other improvements	25

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.

I. Summary of Significant Accounting Policies - (Continued):

E. Assets, Liabilities, and Fund Equity - (Continued):

8. Long-Term Obligations - (Continued)

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

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

10. Net Position/Fund Balances

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

I. Summary of Significant Accounting Policies - (Continued):

E. Assets, Liabilities, and Fund Equity - (Continued):

10. Net Position/Fund Balances - (Continued)

Fund Balances - (Continued)

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

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

Restricted for Capital Projects - portion of fund balance restricted for capital projects.

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

Any changes or removal of specific purpose requires majority action by the governing body.

Assigned fund balance - portion of fund balance that Town of Connelly Springs intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

I. Summary of Significant Accounting Policies - (Continued):

E. Assets, Liabilities, and Fund Equity - (Continued):

10. Net Position/Fund Balances - (Continued)

Fund Balances - (Continued)

The Town of Connelly Springs 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 (LERS) and additions to/deductions from LERS' fiduciary net position have been determined on the same basis as they are reported by LERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Connelly Springs's employer contributions are recognized when due and the Town of Connelly Springs has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LERS. Investments are reported at fair value.

II. Detail Notes on All Funds:

A. Assets:

1. Deposits:

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits.

II. Detail Notes on All Funds - (Continued):

A. Assets - (Continued):

1. Deposits - (Continued):

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.

At June 30, 2021, the Town's deposits had a carrying amount of \$196,119 and a bank balance of \$1,928,514. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$150. The Town has no policy regarding custodial credit risk for deposits.

2. Capital Assets:

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 367,144	\$ _____	\$ _____	\$ 367,144
Total capital assets not being depreciated	<u>367,144</u>	<u>_____</u>	<u>_____</u>	<u>367,144</u>
Capital assets being depreciated:				
Buildings	793,621	15,398		809,019
Furniture and equipment	292,660			292,660
Infrastructure	499,430			499,430
Leasehold improvements	<u>502,393</u>	<u>19,448</u>	<u>_____</u>	<u>521,841</u>
Total capital assets being depreciated	<u>2,088,104</u>	<u>34,846</u>	<u>_____</u>	<u>2,122,950</u>
Less accumulated depreciation for:				
Buildings	296,396	22,262		318,658
Furniture and equipment	279,909	8,862		288,771
Infrastructure	228,331	16,648		244,979
Leasehold improvements	<u>180,867</u>	<u>28,395</u>	<u>_____</u>	<u>209,262</u>
Total accumulated depreciation	<u>985,503</u>	<u>76,167</u>	<u>_____</u>	<u>1,061,670</u>
Total capital assets being Depreciated, net	<u>\$1,102,601</u>	<u>\$ (41,321)</u>	<u>\$ _____</u>	<u>\$1,061,280</u>

II. Detail Notes on All Funds - (Continued):

A. Assets - (Continued):

2. Capital Assets - (Continued):

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

General government	\$53,858
Transportation	16,648
Public Safety	<u>5,661</u>
Total depreciation expense	<u>\$76,167</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Water & Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 1,500	\$	\$	\$ 1,500
Capital assets being depreciated:				
Substations, lines, and related equipment	4,050,098			4,050,098
Equipment	<u>66,519</u>			<u>66,519</u>
Total capital assets being depreciated	<u>4,116,617</u>	<u>\$</u>	<u>\$</u>	<u>4,116,617</u>
Less accumulated depreciation for:				
Substations, lines, and related equipment	1,881,025	\$101,538	\$	1,982,563
Equipment	<u>66,519</u>			<u>66,519</u>
Total accumulated depreciation	<u>1,947,544</u>	<u>\$101,538</u>	<u>\$</u>	<u>2,049,082</u>
Total capital assets being depreciated, net	<u>2,169,073</u>			<u>2,067,535</u>
Business-type activities capital assets, net	<u>\$2,170,573</u>			<u>\$2,069,035</u>

B. Liabilities:

1. Pension Plan Obligations

Local Governmental Employees' Retirement System:

Plan Description. The Town of Connelly Springs is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-

II. Detail Notes on All Funds - (Continued):

B. Liabilities - (Continued):

1. Pension Plan Obligations - (Continued):

Local Governmental Employees' Retirement System - (Continued):

employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor'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 Connelly Springs 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 Connelly Springs's contractually required contribution rate for the year ended June 30, 2021

II. Detail Notes on All Funds - (Continued):

B. Liabilities - (Continued):

1. Pension Plan Obligations - (Continued):

Local Governmental Employees' Retirement System - (Continued):

was 10.1% 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 Connelly Springs were \$5,784 for the year ended June 30, 2021.

Refunds of Contributions. Town employees who have terminated service as a contributing members 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 \$35,020 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 asset 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 updated procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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 .00098%, which was an increase of .00001% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$11,553. At June 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,422	\$
Changes of assumptions	2,606	
Net difference between projected and actual earnings on pension plan investments	4,928	
Changes in proportion and differences between Town contributions and proportionate share of contributions	123	2,210
Town contributions subsequent to the measurement date	<u>5,784</u>	<u> </u>
Total	<u>\$17,863</u>	<u>\$2,210</u>

II. Detail Notes on All Funds - (Continued):

B. Liabilities - (Continued):

1. Pension Plan Obligations - (Continued):

Local Governmental Employees' Retirement System - (Continued):

\$5,784 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 asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	2,760
2023	3,753
2024	1,898
2025	1,458
2026	-0-
Thereafter	-0-
	<u>\$9,869</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%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations

II. Detail Notes on All Funds - (Continued):

B. Liabilities - (Continued):

1. Pension Plan Obligations - (Continued):

Local Governmental Employees' Retirement System - (Continued):

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	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 period of projected benefit payments to determine the total pension liability.

II. Detail Notes on All Funds - (Continued):

B. Liabilities - (Continued):

1. Pension Plan Obligations - (Continued):

Local Governmental Employees' Retirement System - (Continued):

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following present the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, 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%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$71,051	\$35,020	\$5,075

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

2. Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in 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 insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for all other risks of loss. 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 no flood insurance.

II. Detail Notes on All Funds - (Continued):

B. Liabilities - (Continued):

2. Risk Management - (Continued):

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 thru a commercial surety bond. The finance officer is individually bonded for \$50,000 and the tax collector is bonded for \$10,000.

C. Fund Balance

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

<i>Total fund balance - General Fund</i>	<i>\$1,924,738</i>
Less:	
Stabilization by State Statute	95,363
Restricted for capital projects	188,859
Restricted for streets - Powell Bill	124,262
Remaining Fund Balance	1,516,254

III. Segment Information for Enterprise Fund:

The accompanying financial statements include one enterprise fund which provides water and sewer services. Segment information for the fiscal year ended June 30, 2021, is as follows:

	<u>Water Sewer Fund</u>
Operating Revenues	\$ 53,526
Depreciation Expense	101,538
Operating Income (Loss)	(157,499)
Net Income (Loss)	(157,499)
Plant, Property and Equipment:	
Additions	- 0 -
Net Working Capital	49,004
Total Assets	2,118,039
Total Equity	2,118,039

IV. 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.

V. Significant Effects of Subsequent Events:

The Town has evaluated subsequent events through October 22, 2021 the date which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
FINANCIAL DATA**

**TOWN OF CONNELLY SPRINGS
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Connelly Springs proportion of the net pension liability (asset)(%)	0.00098%	0.00097%	0.00106%	0.00103%	0.00095%	0.08800%	0.00072%	0.00059%
Connelly Springs proportionate share of the net pension liability (asset)(\$)	\$ 35,020	\$ 26,490	\$ 25,147	\$ 15,736	\$ 20,162	\$ 3,949	\$ (4,236)	\$ 7,232
Connelly Springs covered-employee payroll	\$ 56,987	\$ 52,504	\$ 47,515	\$ 46,060	\$ 43,248	\$ 39,772	\$ 34,914	\$ 41,308
Connelly Springs proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll *	61.45%	50.45%	52.92%	34.16%	50.69%	11.31%	(10.25%)	20.71%
Plan fiduciary net position as a percentage of the total pension liability **	88.61%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,784	\$ 4,591	\$ 4,001	\$ 4,926	\$ 4,670	\$ 4,134	\$ 3,961	\$ 2,468
Contributions in relation to the contractually required contribution	<u>5,784</u>	<u>4,591</u>	<u>4,001</u>	<u>4,926</u>	<u>4,670</u>	<u>4,134</u>	<u>3,961</u>	<u>2,468</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Connelly Springs covered-employee payroll	\$ 56,987	\$ 52,504	\$ 51,629	\$ 47,515	\$ 46,060	\$ 43,248	\$ 39,772	\$ 34,914
Contributions as a percentage of covered-employee payroll	10.10%	8.74%	7.75%	10.37%	10.14%	9.56%	9.95%	7.07%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)

	2021			
	Budget	Actual	Positive (Negative) Variances	2020 Actual
REVENUES:				
Ad valorem taxes:				
Taxes	\$ 58,502	\$ 66,397	\$ 7,895	\$ 64,961
Penalties and interest	-	-	-	-
Total	58,502	66,397	7,895	64,961
Unrestricted intergovernmental:				
Local option sales taxes	392,670	519,969	127,299	448,255
Utility franchise tax	24,935	49,132	24,197	51,414
Alcoholic Beverage Tax	-	7,021	7,021	7,221
Solid waste disposal tax	978	1,250	272	1,275
Total	418,583	577,372	158,789	508,165
Restricted intergovernmental:				
Veteran's memorial	-	-	-	-
Powell Bill allocation	36,213	34,488	(1,725)	35,784
CARES ACT Fund	3,013	3,013	-	-
Total	39,226	37,501	(1,725)	35,784
Investment earnings	-	349	349	5,987
Miscellaneous				
Recycling	-	-	-	-
Insurance refund	-	-	-	-
Special events	-	-	-	-
Other	1,625	126	(1,499)	46
Rental	600	1,200	600	800
Total	2,225	1,326	(899)	846
Total revenues	518,536	682,945	164,409	615,743

	2021			2020 Actual
	Budget	Actual	Positive (Negative) Variances	
EXPENDITURES:				
General government:				
Administration:				
Salaries and employee benefits	\$ 100,135	\$ 98,729	\$ 1,406	\$ 85,936
Dues and subscriptions	8,400	8,347	53	4,206
Legal and accounting	12,900	14,980	(2,080)	10,656
Advertising	1,200	755	445	955
Software & computer maintenance	5,750	5,199	551	6,850
Mapping and engineering	78,000	1,165	76,835	417
Office expense	4,850	7,351	(2,501)	3,981
Donations	2,000	2,000	-	200
Food and entertainment	3,000	2,173	827	2,990
Postage	800	494	306	494
Travel & education	1,500	638	862	1,787
Miscellaneous	1,200	363	837	2,782
Capital outlay	-	-	-	18,000
Sales tax	500	286	214	251
Contingency	-	-	-	-
Economic development	10,400	10,386	14	10,230
Total	230,635	152,866	77,769	149,735
Public building and grounds:				
Outside maintenance, repairs and				
Landscaping	37,500	36,400	1,100	38,182
Utilities	12,075	10,469	1,606	14,208
Office cleaning	8,580	8,580	-	8,655
Capital outlay	34,332	34,846	(514)	280,974
Insurance	8,600	8,418	182	8,012
Total	101,087	98,713	2,374	350,031
Total general government	331,722	251,579	80,143	499,766
Transportation:				
Streets and highways:				
Maintenance repairs and engineering	36,212	5,213	30,999	58,924
Other operating expenditures	-	-	-	-
Capital Outlay - streets	-	-	-	-
Total transportation	36,212	5,213	30,999	58,924
Environmental protection:				
Recycling	2,000	1,225	775	3,885
Sanitation:				
Outside services	79,500	79,304	196	71,023
Total environmental protection	81,500	80,529	971	74,908

EXPENDITURES (Continued):	2021			2020 Actual
	Budget	Actual	Positive (Negative) Variances	
Culture and recreation:				
Fall festival	\$ -	\$ 180	\$ (180)	\$ 2,100
Veteran's memorial	100	100	-	50
Parks and recreation	10,750	10,536	214	17,674
Total culture and recreation	10,850	10,816	34	19,824
Public safety:				
Salaries & employee benefits	67,615	43,768	23,847	70,306
Other operating expenditures	7,500	3,872	3,628	5,058
Code enforcement	10,000	10,000	-	10,000
Capital outlay	-	-	-	-
Total public safety	85,115	57,640	27,475	85,364
Debt service:				
Principal retirement				
Interest	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	545,399	405,777	139,622	738,786
Revenues over (under) expenditures	(26,863)	277,168	304,031	(123,043)
Other financing sources (uses):				
Transfers (to) from other funds:				
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over expenditures and other financing uses	<u>\$ (26,863)</u>	277,168	<u>\$ 304,031</u>	(123,043)
Fund Balances:				
Beginning of year, July 1		1,458,711		1,581,754
End of year, June 30		<u>\$ 1,735,879</u>		<u>\$ 1,458,711</u>

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
SPECIAL REVENUE - CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

	2021		
	Budget	Actual	Variance Positive (Negative)
			2020 Actual
Revenues:			
Investment earnings		\$ 50	\$ 1,958
Total revenues	-	50	1,958
Expenditures:			
Economic and physical development			
Revenues over expenditures	-	50	1,958
Other financing sources (uses):			
Transfers from General Fund			
Transfers to Sewer Fund			
Total other financing sources (uses)			
Revenues and other financing sources over expenditures and other financing uses	\$ -	50	\$ -
Fund balances:			
Beginning of year, July 1		188,809	186,851
End of year, June 30		\$ 188,859	\$ 188,809

TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020)

	2021			
	Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues:				
Water and sewer charges	\$ 51,479	\$ 53,526	\$ 2,047	\$ 55,848
Other operating revenues	-	-	-	-
Total operating revenues	51,479	53,526	2,047	55,848
Nonoperating revenues:				
Grant revenue	-	-	-	-
Interest earnings	-	-	-	-
Sales tax refund	-	-	-	-
Total revenues	51,479	53,526	2,047	55,848
Expenditures:				
Water distribution:				
Water treatment:				
Legal				
Utilities	12,000	9,425	2,575	14,638
Other operating expenditures	70,704	70,413	291	8,940
Engineering	-	-	-	-
Total	82,704	79,838	2,866	23,578
Waste collection and treatment:				
Legal				
Waste treatment	8,000	6,649	1,351	7,243
Engineering	-	-	-	-
Other operating expenditures	23,500	23,000	500	23,000
Total	31,500	29,649	1,851	30,243
Capital outlay:				
Waterline	-	-	-	-
Total capital outlay				
Total expenditures	114,204	109,487	4,717	53,821
Other financing sources (uses):				
Transfer to other fund:				
Appropriated Retained Earnings	27,725	-	(27,725)	-
Transfer From General Fund	35,000	-	(35,000)	-
Transfer To Capital Projects Fund	-	-	-	-
Total other financing sources (uses)	62,725	-	(62,725)	-

	2021			2020 Actual
	Budget	Actual	Variance Positive (Negative)	
Expenditures (Continued):				
Revenues and other sources over expenditures and other uses	\$ -	\$ (55,961)	\$ (55,961)	\$ 2,027
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Transfer to Capital Project Fund				
Capital contribution				
Capital outlay				
Depreciation		(101,538)		(101,538)
Total		(101,538)		(101,538)
Net Income (Loss)		\$ (157,499)		\$ (99,511)

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021	\$ -	\$ 66,113	\$ (62,676)	\$ 3,437
2019 - 2020	2,635	-	(2,497)	138
2018 - 2019	126		(55)	71
2017 - 2018	63		(9)	54
2016 - 2017	57		(6)	51
2015 - 2016	48		-	48
2014 - 2015	83		-	83
2013 - 2014	31		-	31
2012 - 2013	52		(7)	45
2011 - 2012	45		(1)	44
2010 - 2011	29		(29)	-
	<u>\$ 3,169</u>	<u>\$ 66,113</u>	<u>\$ (65,280)</u>	4,002

Less: allowance for uncollectible accounts:
General Fund

Ad valorem taxes receivable - net

\$ 4,002

Reconciliation with revenues:

Ad valorem taxes - General Fund

\$ 66,397

Reconciling items:

Interest collected

-

Discounts allowed

-

Taxes written off

-

Current year taxes receivable from Burke County

(1,117)

Total collections and credits

\$ 65,280

**TOWN OF CONNELLY SPRINGS, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN - WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property tax at current rates	\$ 118,902,000	.05	\$ 59,451	\$ 59,451	\$ -
Registered motor vehicles taxed at prior year's rate	-	.05	-	-	6,662
Penalties	13,324,000		-	-	-
Total	132,226,000		59,451	59,451	6,662
Discoveries:					
Current year taxes					
Prior year taxes					
Penalties					
Total					
Abatements					
Total property valuation	\$ 132,226,000				
Net levy			59,451	59,451	6,662
Uncollected taxes at June 30, 2021			4,002	4,002	-
Current year's taxes collected			\$ 55,449	\$ 55,449	\$ 6,662
Current levy collection percentage			93.95%	93.27%	100%

**TOWN OF CONNELLY SPRINGS
GASB 34 CALCULATION OF MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Type of Fund</u>	<u>Assets</u>	<u>Computes "X" if Meets</u>		<u>Liabilities</u>	<u>Computes "X" if Meets</u>		<u>Revenue</u>	<u>Computes "X" if Meets</u>		<u>Expenditures/ Expenses</u>	<u>Computes "X" if Meets</u>		<u>Computes "MAJOR" if Fund is Major If a "Category" Has an "X" in Both Columns, Then Fund is a Major Fund</u>
		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>		<u>10% Rule</u>	<u>5% Rule</u>	
General Fund	\$ 3,391,989	N/A	N/A	\$ 69,845	N/A	N/A	\$ 686,997	N/A	N/A	\$ 455,934	N/A	N/A	YES ALWAYS MAJOR
Total Government Funds	\$ 3,391,989			\$ 69,845			\$ 686,997			\$ 455,934			
10% of Total Governmental Funds	\$ 339,199			\$ 6,985			\$ 68,700			\$ 45,593			
Enterprise Funds:													
Water and Sewer Fund	\$ 2,118,039	X	X	\$ -	X	X	\$ 53,526	X	X	\$ 211,025	X	X	MAJOR
Total Enterprise Funds	\$ 2,118,039			\$ -			\$ 53,526			\$ 211,025			
10% of Total Enterprise Funds	\$ 211,804			\$ -			\$ 5,353			\$ 21,103			
Total Governmental and Enterprise Funds	\$ 5,510,028			\$ 69,845			\$ 740,523			\$ 666,959			
5% of Total Governmental and Enterprise Funds	\$ 275,501			\$ 3,492			\$ 37,026			\$ 33,348			