



REVIEWED

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Darrell L. Keller, CPA, PA

TOWN OF ELLENBORO, NORTH CAROLINA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

(704) 739-0771

TOWN OF ELLENBORO, NORTH CAROLINA

Financial Statements

(With Supplementary Information)

June 30, 2021

Town Officials

Mayor

Jim Rhyne

Town Council

Lee Allen

Elizabeth Blanton (Mayor Pro Tem)

Pamela Padgett

Charles Smith

Sandra Weeks

Town Clerk/Finance Officer

Teresa Panther

TOWN OF ELLENBORO, NORTH CAROLINA

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FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Ellenboro, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, 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

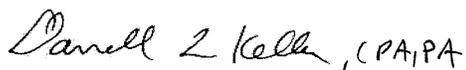
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability 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 Ellenboro, North Carolina. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
September 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

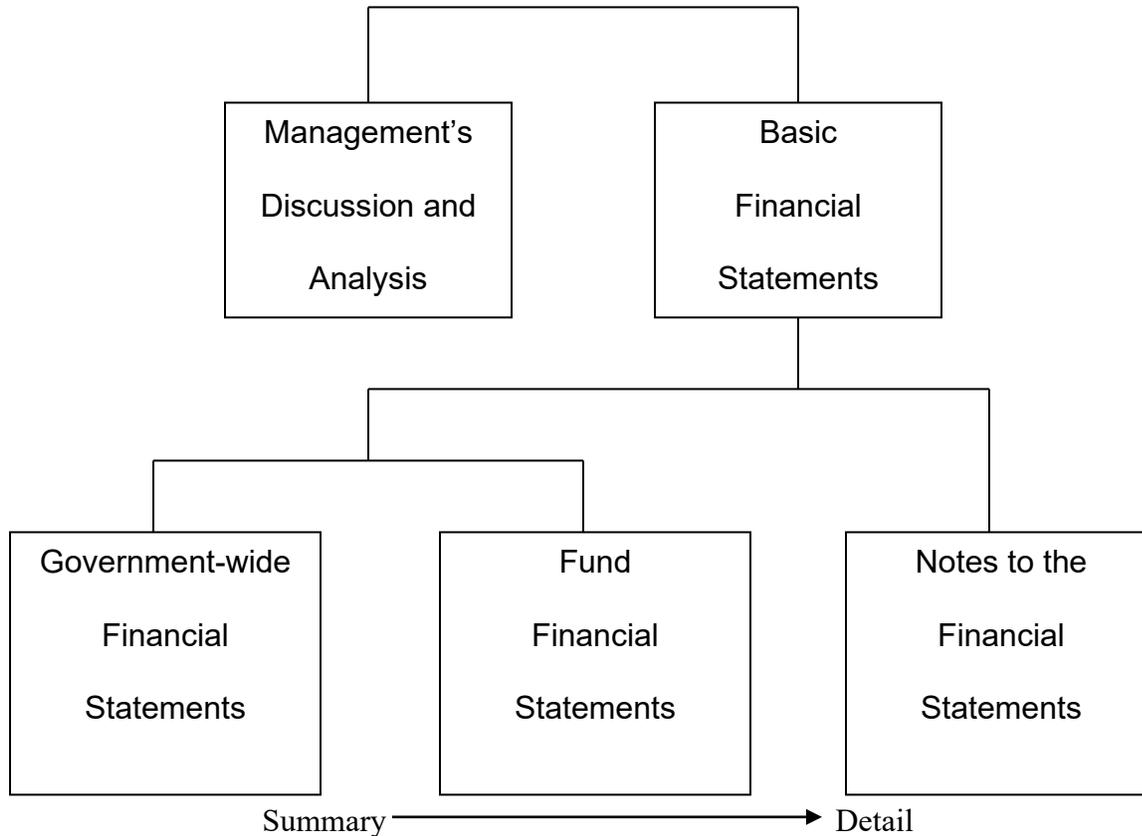
- The assets and deferred outflows of resources of the Town of Ellenboro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,466,595 (*net position*).
- The government's total net position decreased by \$24,288. Net position for governmental activities increased by \$10,639 and business type activities decreased by \$34,927.
- As of the close of the current fiscal year, the Town of Ellenboro's governmental fund reported an ending fund balance of \$1,022,244 with a net increase of \$6,051 in fund balance. Approximately 7.25% of this total amount, or \$74,163, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$838,081, or 447.24% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the unrestricted net position for the Water and Sewer Fund was \$1,183,682 or 208.14% of the fund's operating expenses (accrual) for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units, if any. The governmental activities include most of the Town's basic services such as environmental protection, streets, and general administration. Property taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Ellenboro. The Town of Ellenboro has no component units, the third category.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Ellenboro, 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 Ellenboro 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 Ellenboro 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 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.

Proprietary Funds – Town of Ellenboro 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 Ellenboro uses an enterprise fund to account for its water and sewer operations. 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. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions. The Town of Ellenboro does not utilize an internal service fund.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Ellenboro’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found after the notes to the financial statements.

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

Government-Wide Financial Analysis

The government-wide financial statements for the fiscal years ended June 30, 2021 and 2020 are summarized in Figures 2 and 3.

Town of Ellenboro's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 975,925	\$ 984,056	\$ 895,125	\$ 1,030,069	\$ 1,871,050	\$ 2,014,125
Restricted assets	73,867	63,852	362,340	166,524	436,207	230,376
Capital assets	40,996	37,510	3,201,468	3,306,666	3,242,464	3,344,176
Deferred outflows of resources	4,276	3,961	12,309	12,204	16,585	16,165
Total assets and deferred outflows of resources	<u>1,095,064</u>	<u>1,089,379</u>	<u>4,471,242</u>	<u>4,515,463</u>	<u>5,566,306</u>	<u>5,604,842</u>
Long-term liabilities	6,741	4,164	13,628	12,769	20,369	16,933
Other liabilities	6,860	14,392	72,464	82,617	79,324	97,009
Deferred inflows of resources	18	17	-	-	18	17
Total liabilities and deferred inflows of resources	<u>13,619</u>	<u>18,573</u>	<u>86,092</u>	<u>95,386</u>	<u>99,711</u>	<u>113,959</u>
Net position:						
Net investment in capital assets	40,996	37,510	3,201,468	3,306,666	3,242,464	3,344,176
Restricted	74,163	83,977	-	-	74,163	83,977
Unrestricted	966,286	949,319	1,183,682	1,113,411	2,149,968	2,062,730
Total net position	<u>\$ 1,081,445</u>	<u>\$ 1,070,806</u>	<u>\$ 4,385,150</u>	<u>\$ 4,420,077</u>	<u>\$ 5,466,595</u>	<u>\$ 5,490,883</u>

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 Ellenboro exceeded liabilities and deferred inflows by \$5,466,595 as of June 30, 2021. The Town's net position decreased by \$24,288 for the fiscal year ended June 30, 2021. The Town of Ellenboro uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ellenboro'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 Ellenboro's net position, \$74,163 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,149,968 is unrestricted.

Town of Ellenboro's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 39,218	\$ 40,230	\$ 531,115	\$ 541,929	\$ 570,333	\$ 582,159
Operating grants and contributions	24,688	26,798	-	-	24,688	26,798
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	72,268	70,528	-	-	72,268	70,528
Grants and contributions not restricted to specific programs	53,630	65,173	-	-	53,630	65,173
Investment income	3,636	5,376	2,642	7,294	6,278	12,670
Total revenues	193,440	208,105	533,757	549,223	727,197	757,328
Expenses:						
General government	102,474	100,290	-	-	102,474	100,290
Transportation	14,761	68,869	-	-	14,761	68,869
Environmental protection	65,566	62,355	-	-	65,566	62,355
Water and sewer	-	-	568,684	572,636	568,684	572,636
Total expenses	182,801	231,514	568,684	572,636	751,485	804,150
Increase (decrease) in net position	10,639	(23,409)	(34,927)	(23,413)	(24,288)	(46,822)
Net position, beginning	1,070,806	1,094,215	4,420,077	4,443,490	5,490,883	5,537,705
Net position, ending	\$ 1,081,445	\$ 1,070,806	\$ 4,385,150	\$ 4,420,077	\$ 5,466,595	\$ 5,490,883

Governmental activities. Governmental activities increased the Town's net position by \$10,639. For the current year, income decreased by \$14,665 and expenses decreased by \$48,713. These changes resulted from normal operations.

Business-type activities. Business-type activities decreased the Town of Ellenboro's net position by \$34,927. For the current year, revenues decreased over the prior year amounts by \$15,466; and, expenses decreased by \$3,952. These changes resulted from normal operations.

For both governmental and business-type activities during the current fiscal year, the revenue decreases can primarily be associated with the coronavirus pandemic.

Financial Analysis of the Town's Funds

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

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

The general fund is the operating fund of the Town of Ellenboro. At the end of the current fiscal year, Town of Ellenboro's fund balance available in the General Fund was \$838,081, while total fund balance reached \$1,022,244.

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 less than budgeted and expenditures were held below budgeted amounts. The restricted for streets amount of \$73,867 represents the major portion of the unused appropriated fund balance.

Proprietary Fund. The Town of Ellenboro's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,183,682.

Capital Asset and Debt Administration

Capital assets. Town of Ellenboro’s investment in capital assets for its governmental and business–type activities as of June 30, 2021, totals \$3,201,468 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water and sewer lines.

Town of Ellenboro’s Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 11,750	\$ 11,750	\$ -	\$ -	\$ 11,750	\$ 11,750
Buildings	7,385	903	-	-	7,385	903
Equipment	21,861	24,857	-	-	21,861	24,857
Water lines	-	-	832,382	865,313	832,382	865,313
Sewer lines	-	-	2,369,086	2,441,353	2,369,086	2,441,353
Total	\$ 40,996	\$ 37,510	\$ 3,201,468	\$ 3,306,666	\$ 3,242,464	\$ 3,344,176

Long-term Debt. As of June 30, 2021, the Town of Ellenboro had no bonded debt authorized, issued or outstanding. The Town’s debt is summarized as follows:

Town of Ellenboro’s Long-term Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Net pension liability (LGERS)	6,741	\$ 4,164	\$ 13,628	\$ 12,769	\$ 20,369	\$ 16,933

The Town of Ellenboro’s long-term debt increased by \$3,436 during the current fiscal year.

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 the Town of Ellenboro is approximately \$2,500,000.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: ad valorem tax rate will remain at \$.22 per \$100 for the fiscal year ending June 30, 2022. External revenues are budgeted at \$87,500.

Business-type Activities: Sewer fees are budgeted at \$92,000; water fees are budgeted at \$460,000; various other revenues are budgeted at \$45,200.

Requests for Information

This report is designed to provide an overview of the Town’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Ellenboro, PO Box 456, Ellenboro, NC 28040.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 954,959	\$ 831,096	\$ 1,786,055
Taxes receivables (net)	9,451	-	9,451
Accrued interest receivable on taxes	52	-	52
Accounts receivable (net)	11,167	64,029	75,196
Due from other governments	296	-	296
Restricted cash and cash equivalents	73,867	362,340	436,207
Total current assets	<u>1,049,792</u>	<u>1,257,465</u>	<u>2,307,257</u>
Non-current assets:			
Capital assets:			
Land and non-depreciable assets	11,750	-	11,750
Other capital assets, net of depreciation	29,246	3,201,468	3,230,714
Total capital assets	<u>40,996</u>	<u>3,201,468</u>	<u>3,242,464</u>
Total assets	<u>1,090,788</u>	<u>4,458,933</u>	<u>5,549,721</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,276	12,309	16,585
Total deferred outflows of resources	<u>4,276</u>	<u>12,309</u>	<u>16,585</u>
LIABILITIES			
Current liabilities:			
Accounts payable	6,860	10,124	16,984
Payable from restricted assets	-	62,340	62,340
Total current liabilities	<u>6,860</u>	<u>72,464</u>	<u>79,324</u>
Long-term liabilities:			
Net pension liability	6,741	13,628	20,369
Total liabilities	<u>13,601</u>	<u>86,092</u>	<u>99,693</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	18	-	18
Total deferred inflows of resources	<u>18</u>	<u>-</u>	<u>18</u>
NET POSITION			
Net investment in capital assets	40,996	3,201,468	3,242,464
Restricted for:			
Stabilization by State Statute	296	-	296
Streets	73,867	-	73,867
Unrestricted	966,286	1,183,682	2,149,968
Total net position	<u>\$ 1,081,445</u>	<u>\$ 4,385,150</u>	<u>\$ 5,466,595</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 102,474	\$ 280	\$ -	\$ -	\$ (102,194)	\$ -	\$ (102,194)
Transportation	14,761	-	24,688	-	9,927	-	9,927
Environmental protection	65,566	38,938	-	-	(26,628)	-	(26,628)
Total governmental activities	182,801	39,218	24,688	-	(118,895)	-	(118,895)
Business-type activities:							
Water and sewer	568,684	531,115	-	-	-	(37,569)	(37,569)
Total business-type activities	568,684	531,115	-	-	-	(37,569)	(37,569)
Total government	\$ 751,485	\$ 570,333	\$ 24,688	\$ -	(118,895)	(37,569)	(156,464)
General revenues:							
Property taxes					72,268	-	72,268
Unrestricted intergovernmental					53,630	-	53,630
Unrestricted investment earnings					3,636	2,642	6,278
Total general revenues					129,534	2,642	132,176
Change in net position					10,639	(34,927)	(24,288)
Net position, beginning					1,070,806	4,420,077	5,490,883
Net position, ending					\$ 1,081,445	\$ 4,385,150	\$ 5,466,595

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

**Town of Ellenboro, North Carolina
Balance Sheet
Governmental Fund - General Fund
June 30, 2021**

ASSETS

Cash and cash equivalents	\$	954,959
Restricted cash and cash equivalents		73,867
Receivables, net:		
Taxes		9,503
Landfill fee		11,167
Due from other governments		296
Total assets		1,049,792

LIABILITIES

Accounts payable and accrued liabilities		6,860
Due to other funds		-
Total liabilities		6,860

DEFERRED INFLOWS OF RESOURCES

Receivables		20,670
Prepaid taxes		18
Total deferred inflows of resources		20,688

FUND BALANCES

Restricted		
Stabilization by State Statute		296
Streets		73,867
Assigned		
Subsequent year's expenditures		110,000
Unassigned		838,081
Total fund balances		1,022,244
Total liabilities, deferred inflows of resources and fund balances	\$	1,049,792

-

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

Total Fund Balance, Governmental Funds	\$	1,022,244
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	166,063
Accumulated depreciation		(125,067)
Deferred outflows of resources related to pensions are not reported in the funds		40,996
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		4,276
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		-
Earned revenues considered deferred inflows of resources in fund statements.		20,670
Net pension liability		(6,741)
Net position of governmental activities	\$	1,081,445

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

**Town of Ellenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2021**

REVENUES

Ad valorem taxes	\$	72,268
Unrestricted intergovernmental		51,895
Restricted intergovernmental		25,184
Investment earnings		3,636
Environmental protection		40,177
Local sources		280
Total revenues		193,440

EXPENDITURES

General government		103,698
Transportation		14,761
Environmental protection		68,930
Total expenditures		187,389

Net change in fund balance		6,051
Fund balances, beginning		1,016,193
Fund balances, ending	\$	1,022,244

(cont)

Town of Ellenboro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental fund	\$		6,051
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>			
Capital outlay expenditures which were capitalized	\$	6,730	
Depreciation expense for governmental assets		<u>(3,244)</u>	3,486
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>			
			4,352
<p>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.</p>			
Change in deferred revenue	\$	3,364	
Pension expense		<u>(6,614)</u>	(3,250)
<p>Total changes in net position of governmental activities</p>			
			<u>\$ 10,639</u>

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

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

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 70,800	\$ 70,800	\$ 72,268	\$ 1,468
Unrestricted intergovernmental	61,000	61,000	51,895	(9,105)
Restricted intergovernmental	26,500	26,500	25,184	(1,316)
Investment earnings	3,000	3,000	3,636	636
Environmental protection	40,000	40,000	40,177	177
Local sources	1,000	1,000	280	(720)
Total revenues	<u>202,300</u>	<u>202,300</u>	<u>193,440</u>	<u>(8,860)</u>
Expenditures:				
Current:				
General government	201,400	201,400	103,698	97,702
Transportation	90,000	90,000	14,761	75,239
Environmental protection	64,000	64,000	68,930	(4,930)
Contingency	10,900	10,900	-	10,900
Total expenditures	<u>366,300</u>	<u>366,300</u>	<u>187,389</u>	<u>178,911</u>
Revenues over (under) expenditures	(164,000)	(164,000)	6,051	170,051
Fund balance appropriated	<u>164,000</u>	<u>164,000</u>	-	<u>(164,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,051	<u>\$ 6,051</u>
Fund balances, beginning			<u>1,016,193</u>	
Fund balance, ending			<u>\$ 1,022,244</u>	

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

Town of Ellenboro, North Carolina
Statement of Fund Net Position
Proprietary Fund - Water & Sewer Fund
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$	831,096
Accounts receivable (net) - billed		48,711
Accounts receivable (net) - unbilled		15,318
Restricted cash and cash equivalents		362,340
Total current assets		1,257,465

Noncurrent assets:

Capital assets:		3,201,468
Total assets		4,458,933

DEFERRED OUTFLOWS OF RESOURCES

Pension deferrals		12,309
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Total assets and deferred outflows

\$ 4,471,242

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$	10,124
Liabilities payable from restricted assets:		
Customer deposits		62,340
Total current liabilities		72,464

Noncurrent liabilities:

Net pension liability		13,628
Total liabilities		86,092

NET POSITION

Net investment in capital assets		3,201,468
Unrestricted		1,183,682
Total net position		4,385,150
Total liabilities and net position	\$	4,471,242

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

Town of Ellenboro, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2021

OPERATING REVENUES	
Water sales	\$ 413,250
Sewer fees	90,014
Taps and connections	17,725
Late fees	10,126
Total operating revenues	<u>531,115</u>
OPERATING EXPENSES	
Administration	135,960
Operations	83,196
Water purchased	153,031
Sewer facility fee	91,299
Depreciation	105,198
Total operating expenses	<u>568,684</u>
Operating income (loss)	<u>(37,569)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>2,642</u>
Change in net position	(34,927)
Total net position, beginning	4,420,077
Total net position, ending	<u><u>\$ 4,385,150</u></u>

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

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

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 550,517
Cash paid for goods and services	(380,453)
Cash paid to or on behalf of employees for services	(91,035)
Customer deposits received/(paid) - net	2,820
Net cash provided (used) by operating activities	<u>81,849</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends	<u>2,642</u>
Net increase (decrease) in cash and cash equivalents	84,491
Balances, beginning	<u>1,108,945</u>
Balances, ending	<u><u>\$ 1,193,436</u></u>

Reconciliation of change in net position to net cash provided by operating activities

Change in net position	<u>\$ (34,927)</u>
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Depreciation	105,198
Changes in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	19,402
(Increase) decrease in Due from General Fund	4,217
(Increase) decrease in deferred outflows of resources - pensions	(105)
Increase (decrease) in net pension liability	859
Increase (decrease) in accounts payable and accrued liabilities	(12,973)
Increase in customer deposits	2,820
Total adjustments	<u>119,418</u>
Net cash provided by operating activities	<u><u>\$ 84,491</u></u>

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

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

I. Summary of Significant Accounting Policies

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

The Town of Ellenboro is located in the eastern section of Rutherford County and has a population of approximately 880. The Town operates a water system for the incorporated and adjacent areas and a sewer system for a portion of the Town.

B. Basis of Presentation

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

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

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

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

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

result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following governmental fund:

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

The Town reports the following enterprise fund:

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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Town of Ellenboro, North Carolina
Notes to the Financial Statements
For the Fiscal 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances, either annual or multi-year as appropriate, are adopted for each capital project. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance has historically been adopted by the Town Council on or before July 1.

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

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as cash and cash equivalents.

2. Cash and Cash Equivalents

The Town utilizes certificates of deposit for investment purposes. Therefore, cash and investments are essentially demand deposits and certificates of deposit and are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected and cash restricted for future sewer maintenance are reported as restricted. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets and sidewalks per G.S.136-41.1 through 136-41.4

Town of Ellenboro Restricted Cash

Governmental Activities		
General Fund		
	Streets	\$ 73,867
Total governmental activities		<u>\$ 73,867</u>
Business-type Activities		
Water and Sewer Fund		
	Sewer maintenance reserve	300,000
	Customer deposits	62,340
Total Business-type Activities		<u>\$ 362,340</u>
Total Restricted Cash		<u>\$ 436,207</u>

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

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. Landfill Use Fees Receivable

Landfill use fees are assessed at the rate of \$100 for each business and household within the Town limits. This landfill use fee is included in the property tax notice and is accounted for in the same manner as the ad valorem taxes. An amount equal to the fee receivable net of an estimated allowance for doubtful accounts, is included as deferred inflows of resources on the General Fund balance sheet.

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.

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 and buildings, \$25,000; equipment and furniture, \$5,000; street improvements \$40,000; and \$50,000 for water/sewer system improvements. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired after July 1, 2003, consisting of the road network and utility system improvements, will be capitalized and depreciated per policy. 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
Equipment	5
Office furniture	10
Vehicles	5
Buildings	40
Water and sewer systems	50

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

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 for 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 several items that meet the criterion for this category - prepaid taxes and property taxes receivable.

9. Long-Term Obligations

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

The Town of Ellenboro has no long-term debt.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty days earned vacation leave per fiscal year determined by the length of service. Effective June 30, 2017, any unused vacation leave will transfer at fiscal year-end to sick leave.

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

11. Net Position/Fund Balances

Net Position

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

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Assigned fund balance – portion of fund balance that Town of Ellenboro 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.

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

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

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

12. Defined Benefit Cost-Sharing Plan

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

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

capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$2,222,062 and a bank balance of \$2,247,923. Of the bank balance, \$1,003,511 was covered by federal depository insurance and \$1,244,412 was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2021, the Town of Ellenboro had \$3,511 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and AAAM-mf by Moody's Investors Service. The Town has no policy regarding credit risks.

3. Receivables - Allowances for Doubtful Accounts

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

General Fund:	
Taxes receivable	\$ 4,200
Accounts receivable	<u>3,600</u>
Total General Fund	<u>7,800</u>
Enterprise Fund	
Water and sewer Fund - Accounts receivable	<u>33,300</u>
Total Enterprise Fund	<u>33,300</u>
Total	<u>\$ 41,100</u>

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

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,750	\$ -	\$ -	\$ 11,750
Total capital assets not being depreciated	11,750	-	-	11,750
Capital assets being depreciated:				
Equipment	67,129	-	-	67,129
Vehicles	6,193	-	-	6,193
Buildings	74,261	6,730	-	80,991
Total capital assets being depreciated	147,583	6,730	-	154,313
Less accumulated depreciation for:				
Equipment	42,272	2,996	-	45,268
Vehicles	6,193	-	-	6,193
Buildings	73,358	248	-	73,606
Total accumulated depreciation	121,823	3,244	-	125,067
Total capital assets being depreciated, net	25,760			29,246
Governmental activity capital assets, net	\$ 37,510			\$ 40,996

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

General government \$ 3,244

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Equipment	\$ 13,293	\$ -	\$ -	\$ 13,293
Lines	5,259,921	-	-	5,259,921
Total capital assets being depreciated	5,273,214	-	-	5,273,214
Less accumulated depreciation for:				
Equipment	13,293	-	-	13,293
Lines	1,953,255	105,198	-	2,058,453
Total accumulated depreciation	1,966,548	105,198	-	2,071,746
Business-type activity capital assets, net	\$ 3,306,666			\$ 3,201,468

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

B. Liabilities

1. Payables

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$4,015	\$2,845	\$6,860
Business-Type Activities:			
Water and Sewer Fund	\$10,124	\$ -	\$10,124

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Ellenboro 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 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable. 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

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

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. Town of Ellenboro 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 Ellenboro’s contractually required contribution rate for the year ended June 30, 2021, was 7.49% 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 Ellenboro were \$5,803 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 \$20,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town’s proportion was 0.00057%, 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 \$8,819. 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	\$ 2,572	\$ -
Changes of assumptions	1,516	-
Net difference between projected and actual earnings on pension plan investments	2,873	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,821	-
Town contributions subsequent to the measurement date	5,803	-
Total	\$ 16,585	\$ -

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

\$5,803 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	3,556
2023		3,879
2024		2,493
2025		848
2026		-
Thereafter		-
	<u>\$</u>	<u>10,776</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<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 LRS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 41,326	\$ 20,369	\$ 2,952

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

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

b. Other Postemployment Benefits

Upon retirement, eligible employees have the option to purchase medical insurance at the Town's group rate for retirees (currently 140% of the basic group rate; or, through provisions of COBRA at 102% of the basic rate for a maximum of 18 months). Extended coverage for dental, vision, and life can be purchased, if allowed by the insurance provider, at the Town's cost for such coverage. The entire cost of any post-employment insurance coverage is borne by the former employee. This post-employment medical coverage is available until the former employee qualifies for Medicare coverage.

No post-employment benefits are provided by the Town other than those provided through participation in the North Carolina Local Government Employees' Retirement System as summarized above. The option to purchase post-employment insurance as provided above is available to all employees who participate in the retirement plan.

c. Other Employment Benefits

Health care benefits are paid by the town for all full-time employees (regularly more than 30 hours weekly). The Town pays the full cost of medical coverage for employees through a private insurer and employees have the option of purchasing spouse and/or dependent coverage at the Town's group rate. Post-employment benefits are paid entirely by the former employee as described above.

The Town has elected not to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan). The Town does provide each employee participating in the state Retirement plan (LGERS) term life insurance through a commercial insurer in amounts not to exceed \$25,000.

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

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 5,803
Differences between expected and actual experience	2,572
Net difference between projected and actual earnings on pension plan investments	2,873
Changes of assumptions	1,516
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,821
Total	<u>\$ 16,585</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 18	\$ 18
Receivables (General Fund)	-	20,670
Total	<u>\$ 18</u>	<u>\$ 20,688</u>

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

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town secures insurance coverage for these risks from several commercial insurance companies. The Town's insurance coverage includes (1) general liability, \$2 million; (2) fire coverage on buildings at estimated replacement cost; (3) auto liability, \$1 million and (4) public officials liability, \$1 million. Various deductibles apply to coverage amounts. In addition, the Town secures workers' compensation coverage up to the statutory limits from a commercial insurance company.

The Town does not currently have flood insurance. There are no rivers, streams, or flood plains within the Town limits.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Long-Term Obligations

a. Changes in Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in the long-term debt obligation:

	Beginning			Ending	Current
	Balance	Increases	Decreases	Balance	Portion of
					Balance
Governmental activities:					
Net pension liability (LGERS)	\$ 4,164	\$ 2,577	\$ -	\$ 6,741	\$ -
Governmental activity long-term liabilities	<u>\$ 4,164</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ 6,741</u>	<u>\$ -</u>
Business-type activities:					
<u>Water and Sewer Fund</u>					
Net pension liability (LGERS)	\$ 12,769	\$ 859	\$ -	\$ 13,628	\$ -
Water Sewer Fund long-term liabilities	<u>\$ 12,769</u>	<u>\$ 859</u>	<u>\$ -</u>	<u>\$ 13,628</u>	<u>\$ -</u>

At June 30, 2021, the Town of Ellenboro had no bonds which were authorized and unissued; the Town's legal debt margin was approximately \$2,500,000.

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

C. 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	\$1,022,244
Less:	
Stabilization by State Statute	296
Streets-Powell Bill	73,867
Appropriated Fund Balance in 2022 budget	110,000
Remaining Fund Balance	838,081

III. 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.

IV. COVID-19

The COVID-19 pandemic developed rapidly in 2020 and 2021, with a significant number of cases. Measures taken by Federal, State, and Local governments to contain the virus have affected economic activity. Depending on the duration of the COVID-19 crisis and continued government restrictions, the Town may experience negative results. The exact impact of the Town's activities cannot be predicted and no adjustment has been made to the financial statements for this uncertainty.

REQUIRED SUPPLEMENTARY FINACIAL DATA

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ellenboro's proportion of the net pension liability (asset) (%)	0.0006%	0.0006%	0.0007%	0.0007%	0.0007%	0.0008%	0.0008%	0.0008%
Ellenboro's proportion of the net pension liability (asset) (\$)	\$ 20,369	\$ 16,933	\$ 15,896	\$ 11,153	\$ 15,706	\$ 3,411	\$ (4,415)	\$ 9,643
Ellenboro's covered payroll	\$ 75,700	\$ 73,700	\$ 71,740	\$ 69,700	\$ 66,450	\$ 63,439	\$ 64,683	\$ 59,982
Ellenboro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.91%	22.98%	22.16%	16.00%	23.64%	5.38%	(6.83%)	16.08%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	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 Ellenboro, North Carolina
Town of Ellenboro's Contributions
Required Supplementary Information
Last Eight Fiscal Years**

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,803	\$ 6,775	\$ 5,712	\$ 5,380	\$ 5,053	\$ 4,432	\$ 4,485	\$ 4,573
Contributions in relation to the contractually required contribution	5,803	6,775	5,712	5,380	5,053	4,432	4,485	4,573
Contribution deficiency (excess)	<u>\$ -</u>							
Ellenboro's covered payroll	\$ 77,500	\$ 75,700	\$ 73,700	\$ 71,740	\$ 69,700	\$ 66,450	\$ 63,439	\$ 64,683
Contributions as a percentage of covered payroll	7.49%	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

INDIVIDUAL FUND STATEMENTS

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 66,800	\$ 67,749	\$ 949
Prior years	3,000	3,621	621
Interest	1,000	898	(102)
Total	<u>70,800</u>	<u>72,268</u>	<u>1,468</u>
Unrestricted intergovernmental:			
Local option sales taxes	20,000	26,182	6,182
Telecommunications sales tax	1,000		(1,000)
Utilities sales tax	40,000	25,713	(14,287)
Video franchise fee			-
Total	<u>61,000</u>	<u>51,895</u>	<u>(9,105)</u>
Restricted intergovernmental:			
Powell Bill allocation	26,000	24,689	(1,311)
Solid waste disposal tax	500	495	(5)
Total	<u>26,500</u>	<u>25,184</u>	<u>(1,316)</u>
Investment earnings	<u>3,000</u>	<u>3,636</u>	<u>636</u>
Local sources:			
Landfill use fee	40,000	40,177	177
Other	1,000	280	(720)
Total	<u>41,000</u>	<u>40,457</u>	<u>(543)</u>
Total revenues	<u>202,300</u>	<u>193,440</u>	<u>(8,860)</u>
Expenditures:			
General government:			
Governing body:			
Salaries	5,700	5,700	-
Professional services	12,000	12,077	(77)
Payroll taxes	500	436	64
Total	<u>18,200</u>	<u>18,213</u>	<u>(13)</u>
Administration:			
Salaries	19,000	19,000	-
Contract services			-
Payroll taxes	4,200	2,760	1,440
Fringe benefits	11,700	10,221	1,479
Office supplies	2,000	1,462	538
Travel	1,500	-	1,500
Dues and memberships	3,800	2,901	899
Insurance	9,500	8,021	1,479
Special events	3,000	620	2,380
Other	500	88	412
Total	<u>55,200</u>	<u>45,073</u>	<u>10,127</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>

Public land and buildings:

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

Salaries	28,200	16,876	11,324
Vehicle expense	2,500	403	2,097
Maintenance and supplies	25,500	16,403	9,097
Capital outlay	71,800	6,730	65,070
Total	<u>128,000</u>	<u>40,412</u>	<u>87,588</u>
Total general government	201,400	103,698	97,702
Transportation:			
Steet repair and maintenance	90,000	14,761	75,239
Environmental protection:			
Sanitation:			
Solid waste collection and landfill use fee	64,000	68,930	(4,930)
Contingency	10,900	-	10,900
Total expenditures	<u>366,300</u>	<u>187,389</u>	<u>178,911</u>
Revenues over (under) expenditures	(164,000)	6,051	170,051
Other financing sources (uses):			
Fund balance appropriated	<u>164,000</u>	-	<u>(164,000)</u>
Net change in fund balance	<u>\$ -</u>	6,051	<u>\$ 6,051</u>
Fund balance, beginning		1,016,193	
Fund balances, ending		<u>\$ 1,022,244</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales	\$ 460,000	\$ 413,250	\$ (46,750)
Sewer fees	92,000	90,014	(1,986)
Taps and connection fees	15,000	6,050	(8,950)
Disconnect fees	10,000	11,675	1,675
Late fees	15,200	10,126	(5,074)
Total	<u>592,200</u>	<u>531,115</u>	<u>(61,085)</u>
Nonoperating revenues:			
Interest earnings	5,000	2,642	(2,358)
Total revenues	<u>597,200</u>	<u>533,757</u>	<u>(63,443)</u>
Expenditures:			
Administration:			
Salaries	58,700	57,681	1,019
Payroll taxes	4,900	4,413	487
Fringe benefits	31,400	28,941	2,459
Supplies	17,100	16,916	184
Insurance	9,000	6,831	2,169
Professional services	18,000	15,081	2,919
Dues and memberships	3,300	3,130	170
Repairs and maintenance	10,000		10,000
Travel	2,500	2,213	287
Total administration	<u>154,900</u>	<u>135,206</u>	<u>19,694</u>
Operations:			
Water purchased	160,000	153,031	6,969
Sewer facility fee	90,000	91,299	(1,299)
Repairs and maintenance	83,000	64,030	18,970
Contracted services			-
Operating supplies	27,000	15,042	11,958
Water testing	3,000	1,876	1,124
Pump site lease	3,500	2,248	1,252
Capital outlay	300,000	-	300,000
Total operations	<u>666,500</u>	<u>327,526</u>	<u>338,974</u>

(cont.)

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

	Budget	Actual	Variance Positive (Negative)
Contingency	4,300	-	4,300
Total expenditures	825,700	462,732	362,968
Revenues over(under) expenditures	(228,500)	71,025	299,525
Other financing sources (uses):			
Fund balance appropriated	228,500	-	(228,500)
Revenues and other sources over expenditures and other uses	\$ -	\$ 71,025	\$ 71,025

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

Revenues and other sources over expenditures and other uses	\$ 71,025
Reconciling items:	
Depreciation	(105,198)
Increase in net pension liability	(859)
Decrease in deferred outflows of resources - pensions	105
Total reconciling items	(105,952)
Change in net position	\$ (34,927)

OTHER SCHEDULES

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

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ 0	\$ 69,485 (a)	\$ 66,644 (b)	\$ 2,841
2019-2020	4,507		2,700	1,807
2018-2019	1,578		338	1,240
2017-2018	1,465		521	944
2016-2017	1,177		256	921
2015-2016	789		99	690
2014-2015	471		73	398
2013-2014	704		470	234
2012-2013	513		303	210
2011-2012	515		297	218
2010-2011	362		362	0
	<u>\$ 12,081</u>	<u>\$ 69,485</u>	<u>\$ 72,063 (d)</u>	<u>9,503</u>
Less: allowance for uncollectible accounts:				
	General Fund			4,200
Ad valorem taxes receivable - net				\$ 5,303
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 72,268
Reconciling items:				
			(898)	
			136	
			557	
Total collections and credits				\$ 72,063

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

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 31,584,091	0.22	\$ 69,485 (a)	\$ 62,436	\$ 7,049
Unpaid (by taxpayer) taxes at June 30, 2021*			<u>(2,841) (c)</u>	<u>(2,187)</u>	<u>(654)</u>
Current year's taxes collected			<u>\$ 66,644 (b)</u>	<u>\$ 60,249</u>	<u>\$ 6,395</u>
Current levy collection percentage			<u>95.91%</u>	<u>96.50%</u>	<u>90.72%</u>