

TOWN OF ENFIELD, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2021

Mayor

Wayne Anderson

Board Members

Kent Holmes

Tracey Joyner

Kenneth Ward

Bobby Whitaker

Bud A Whitaker

Administrative and Financial Staff

Tyree Davis, Town Administrator

Patricia Whitaker, Finance Officer

Rhonda Joyner, Town Clerk

Barbara Braswell, Tax Collector

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Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

Independent Auditor's Report

To the Mayor and Board Members
Enfield, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Enfield, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 presentation of the financial statements.

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

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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, each major fund, and the aggregate remaining fund information of the Town of Enfield, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 61 through 62, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability, and Total Pension Liability as a Percentage of Covered Payroll on pages 63 and 64 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 Enfield, North Carolina. The individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, the budgetary schedules, other schedules and Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of the Town of Enfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Enfield's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina

November 10, 2021

Management's Discussion and Analysis

As management of the Town of Enfield, we offer readers of the Town of Enfield's financial statements this narrative overview and analysis of the financial activities of the Town of Enfield 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

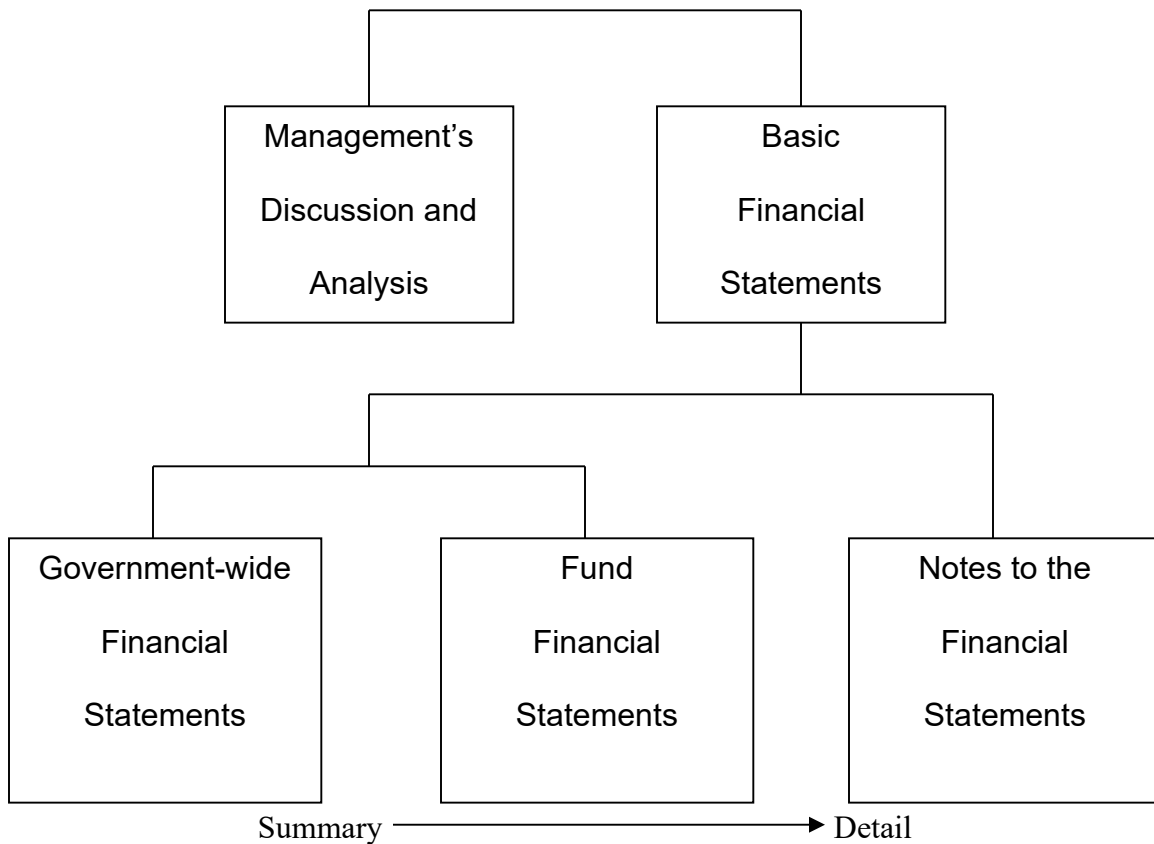
- The assets of the Town of Enfield exceeded its liabilities at the close of the fiscal year by \$19,690,032 (net position).
- The government's total net position increased by \$829,790.
- As of the close of the current fiscal year, the Town of Enfield's governmental funds reported combined ending fund balances of \$703,548, an increase of \$151,857 in comparison with the prior year. Approximately 16.94 percent of this total amount, or \$119,199, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$119,199.
- The Town of Enfield's total liabilities (including compensated absences and net pension liability) increased by \$315,331 (11.87%) during the current fiscal year.

Overview of the Financial Statements

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

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 General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gage 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 state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water, sewer and electric services offered by the Town of Enfield.

The government-wide financial statements are on 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 Enfield, 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 Enfield 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 Enfield 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.

Proprietary Funds – Town of Enfield has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Enfield uses enterprise funds to account for its water, sewer and electric activity operations. 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 begin on page 30 of this report.

Government-Wide Financial Analysis

Town of Enfield's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 912,225	\$ 834,912	\$ 8,788,968	\$ 8,206,048	\$ 9,701,193	\$ 9,040,960
Capital assets	5,869,598	5,351,389	6,967,285	7,062,522	12,836,883	12,413,911
Deferred outflows of resources	363,945	180,800	136,016	115,777	499,961	296,577
Total assets and deferred outflows of resources	7,145,768	6,367,101	15,892,269	15,384,347	23,038,037	21,751,448
Long-term liabilities outstanding	718,875	500,897	2,027,825	1,946,884	2,746,700	2,447,781
Other liabilities	120,216	153,869	452,900	258,393	573,116	412,262
Deferred inflows of resources	22,774	24,007	5,415	3,244	28,189	27,251
Total liabilities and deferred inflows of resources	861,865	678,773	2,486,140	2,208,521	3,348,005	2,887,294
Net position:						
Net investment in capital assets	5,742,099	5,167,223	5,087,724	5,221,780	10,829,823	10,389,003
Restricted	454,975	482,956	-	-	454,975	482,956
Unrestricted	86,829	38,149	8,318,405	7,954,046	8,405,234	7,992,195
Total net position	\$ 6,283,903	\$ 5,688,328	\$ 13,406,129	\$ 13,175,826	\$ 19,690,032	\$ 18,864,154

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 Enfield exceeded liabilities by \$19,690,032 as of June 30, 2021. The Town's net position increased by \$829,790 for the fiscal year ended June 30, 2021. However, the largest portion (55.0%) 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 Enfield uses these capital assets to provide services to citizens; consequently,

these assets are not available for future spending. Although the Town of Enfield's 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 Enfield's net position (2.31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,405,234 is unrestricted.

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

- \$50,000 received by the town from a Solar Farm
- \$62,044 received by the town from FEMA from a previous year's hurricane
- \$19,000 received by the town from the Cares Act

Town of Enfield Changes in Net Position
Figure 3

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 251,202	\$ 237,644	\$ 4,046,201	\$ 3,840,590	\$ 4,297,403	\$ 4,078,234
Grants & Contributions:						
Operating	194,540	75,126	-	-	194,540	75,126
Capital	704,456	6,608	-	417,431	704,456	424,039
General revenues:						
Property taxes	617,063	568,090	-	-	617,063	568,090
Other taxes	470,707	432,259	-	-	470,707	432,259
Other	125,646	139,850	7,257	18,090	132,903	157,940
Total revenues	2,363,614	1,459,577	4,053,458	4,276,111	6,417,072	5,735,688
Expenses:						
General government	419,400	346,809	-	-	419,400	346,809
Public safety	876,469	918,423	-	-	876,469	918,423
Public works	441,179	501,621	-	-	441,179	501,621
Economic & Physical Development	-	-	-	-	-	-
Cultural and recreation	24,260	49,837	-	-	24,260	49,837
Interest on long-term debt	6,731	9,214	-	-	6,731	9,214
Water and sewer	-	-	1,315,300	1,307,698	1,315,300	1,307,698
Electric	-	-	2,503,943	2,489,653	2,503,943	2,489,653
Total expenses	1,768,039	1,825,904	3,819,243	3,797,351	5,587,282	5,623,255
Increase in net position	595,575	(366,327)	234,215	478,760	829,790	112,433
Transfers	-	-	-	-	-	-
Increase (decrease) in Net Position	595,575	(366,327)	234,215	478,760	829,790	112,433
Net position, July 1, as previously reported	5,688,328	6,054,655	13,175,826	12,697,066	18,864,154	18,751,721
Prior Period Adjustment	-	-	(3,912)	-	(3,912)	-
Net position, July 1, as restated	5,688,328	6,054,655	13,171,914	12,697,066	18,860,242	
Net position, June 30	\$ 6,283,903	\$ 5,688,328	\$ 13,406,129	\$ 13,175,826	\$ 19,690,032	\$ 18,864,154

Governmental activities. Governmental activities increased the Town's net position by \$595,575, thereby accounting for (71.77%) of the total growth in the net position of the Town of Enfield.

Business-type activities: Business-type activities increased the Town of Enfield's net position by \$234,215 accounting for 28.23% of the total growth in the government's net position.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Enfield's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Enfield's financing requirements. Specifically, unrestricted 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 Enfield. At the end of the current fiscal year, available fund balance in the General Fund was \$448,143, while total fund balance reached \$698,519. 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. Available fund balance represents 29.37 percent of total General Fund expenditures, while total fund balance represents 45.77 percent of that same amount.

At June 30, 2021, the governmental funds of Town of Enfield reported a combined fund balance of \$703,548, a 27.53 percent increase over last year.

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 higher than the budgeted amounts by \$310,370 primarily because receipts of \$59,400 receipts from the CARES Act and \$62,044 from FEMA for a hurricane in a previous year. Expenditures were under budget by \$81,565.

Proprietary Funds. The Town of Enfield's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$7,386,421, and those for the Water and Sewer Fund amounted to \$931,984. The total change in net position for both funds was \$301,951 and (\$67,736) respectively. 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 Enfield's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$12,836,883 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major additions during the year included one vehicle and additions to capital projects. Major deletions during the year included four vehicles and three pieces of property.

Town of Enfield's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 275,543	\$ 284,473	\$ 30,030	\$ 30,030	\$ 305,573	\$ 314,503
Construction in progress	736,105	-	589,352	426,309	1,325,457	426,309
Buildings and system	688,064	717,554	6,201,404	6,477,587	6,889,468	7,195,141
Improvements other than buildings	4,113,784	4,241,141	-	-	4,113,784	4,241,141
Machinery and equipment	20,125	51,456	114,232	120,871	134,357	172,327
Vehicles and motorized equipment	35,977	56,765	32,267	7,725	68,244	64,490
Total	\$ 5,869,598	\$ 5,351,389	\$ 6,967,285	\$ 7,062,522	\$ 12,836,883	\$ 12,413,911

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

Long-term Debt. As of June 30, 2021, the Town of Enfield had total bonded debt outstanding of \$1,616,000. This is debt backed by the full faith and credit of the Town.

Town of Enfield's Outstanding Debt
Figure 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Compensated absences	\$ 43,777	\$ 42,596	\$ 28,299	\$ 26,619	\$ 72,076	\$ 69,215
General obligation bonds	-	-	1,616,000	1,692,000	1,616,000	1,692,000
Pension related debt (LGERS)	278,513	229,765	245,351	189,705	523,864	419,470
Pension related debt (LEO)	369,530	139,694	-	-	369,530	139,694
Installment Purchases	127,499	184,166	263,561	152,654	391,060	336,820
Total	\$ 819,319	\$ 596,221	\$ 2,153,211	\$ 2,060,978	\$ 2,972,530	\$ 2,657,199

The Town of Enfield's total debt (including compensated absences) increased by \$315,331 (11.87%) during the past 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 Town of Enfield is \$3,421,471.

Additional information regarding the Town of Enfield's long-term debt can be found in note III.B.6 beginning on page 56 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Enfield is a municipality of Halifax County. Halifax County has experienced an unemployment rate of 7.1% at June 30, 2021, which is much higher than the state average of 4.9%
- Enfield continues to hold diligent collecting on funds for utilities that were delinquent due to the COVID-19 pandemic.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Total budgeted general fund revenue and expenses are expected to increase by \$155,512 over the current budget. Budgeted property tax rate will remain the same. The revenues from the solar farm are revenues that the Town of Enfield will continue to receive in decreasing amounts, over a period of time, as part of an agreement between the town and Dominion Power. Currently it is the direction of the Commissioners to direct the revenue from the solar farm to the Town's fund balance.

Business – type Activities: Water fund and sewer fund revenues are expected to increase \$7,578 while electric fund revenues are expected to decrease \$90,068 over the current fiscal budget. The Town of Enfield will focus on load management. The expected outcome for this initiative is to better capture the energy we purchase such that we sale more of what we purchase. The town expects that it is experiencing some kilowatt loss after purchasing from a third party. If the Town of Enfield is able to decrease this loss, this decrease will increase the electric budget.

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 Patricia Whitaker, Finance Officer, Town of Enfield, P O Box 765, Enfield, NC 27522.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF ENFIELD
STATEMENT OF NET POSITION
JUNE 30, 2021**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 304,850	\$ 7,316,506	\$ 7,621,356
Taxes receivable (net)	137,103	-	137,103
Accrued interest receivable on taxes	52,023	-	52,023
Accounts receivable (net)	165,494	1,348,999	1,514,493
Inventory	-	49,783	49,783
Internal Balances	53,185	(53,185)	-
Restricted Assets:			
Cash and cash equivalents	199,570	126,865	326,435
Total current assets	912,225	8,788,968	9,701,193
NON-CURRENT ASSETS			
CAPITAL ASSETS			
Land, non-depreciable improvements and construction in progress	1,011,648	619,382	1,631,030
Other capital assets, net of depreciation	4,857,950	6,347,903	11,205,853
Total capital assets, net of depreciation	5,869,598	6,967,285	12,836,883
Total assets	6,781,823	15,756,253	22,538,076
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	363,945	136,016	499,961
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	17,626	200,649	218,275
Accrued interest payable	221	-	221
Current portion of bonds payable	-	79,000	79,000
Current portion of installment purchases	56,667	18,087	74,754
Compensated absences	43,777	28,299	72,076
Customer Deposits	1,925	126,865	128,790
Total Current Liabilities	120,216	452,900	573,116
LONG TERM LIABILITIES			
Compensated absences	-	-	-
Net pension liability-LGERS	278,513	245,351	523,864
Total pension liability-LEO	369,530	-	369,530
Bonds payable	-	1,537,000	1,537,000
Installment purchase payable	70,832	245,474	316,306
Total liabilities	839,091	2,480,725	3,319,816
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	22,774	5,415	28,189
NET POSITION			
Net investment in capital assets	5,742,099	5,087,724	10,829,823
Restricted for:			
Streets	199,570	-	199,570
Infrastructure	5,029	-	5,029
Stabilization by State Statute	250,376	-	250,376
Unrestricted	86,829	8,318,405	8,405,234
Total net position	\$ 6,283,903	\$ 13,406,129	\$ 19,690,032

The accompanying notes are an integral part of the financial statements.

**TOWN OF ENFIELD
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	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 419,400	\$ -	\$ 62,044	\$ -	\$ (357,356)	\$ -	\$ (357,356)
Public Safety	876,469	53,833	59,400	-	(763,236)	-	(763,236)
Public Works	441,179	197,369	73,096	-	(170,714)	-	(170,714)
Cultural and recreation	24,260	-	-	-	(24,260)	-	(24,260)
Economic & physical development	-	-	-	704,456	704,456	-	704,456
Interest on long-term debt	6,731	-	-	-	(6,731)	-	(6,731)
Total governmental activities	1,768,039	251,202	194,540	704,456	(617,841)	-	(617,841)
Business-type activities:							
Water and sewer	1,315,300	1,247,564	-	-	-	(67,736)	(67,736)
Electric	2,503,943	2,798,637	-	-	-	294,694	294,694
Total business-type activities	3,819,243	4,046,201	-	-	-	226,958	226,958
Total primary government	\$ 5,587,282	\$ 4,297,403	\$ 194,540	\$ 704,456	(617,841)	226,958	(390,883)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					617,063	-	617,063
Privilege licenses					1,750	-	1,750
Sales tax					308,141	-	308,141
Tax refunds					18,927	-	18,927
Utility franchise tax					91,601	-	91,601
Beer and wine tax					10,751	-	10,751
Telecommunication and excise tax					21,104	-	21,104
Video programming tax					11,744	-	11,744
Other taxes					6,689	-	6,689
Unrestricted investment earnings					10,208	7,257	17,465
Miscellaneous					115,438	-	115,438
Total general revenues, not including transfers					1,213,416	7,257	1,220,673
Change in net position					595,575	234,215	829,790
Net position - beginning - as previously reported					5,688,328	13,175,826	18,864,154
Prior Period Adjustment					-	(3,912)	(3,912)
Net position - beginning - as restated					5,688,328	13,171,914	18,860,242
Net position - ending					\$ 6,283,903	\$ 13,406,129	\$ 19,690,032

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF ENFIELD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	MAJOR FUND		NON-MAJOR	TOTAL GOVERNMENTAL FUNDS
	GENERAL	CDBG INFRASTRUCTURE	ENFIELD COMMUNITY PARK	
ASSETS				
Cash and Cash Equivalents	\$ 268,124	\$ -	\$ 36,726	\$ 304,850
Restricted Cash	199,570	-	-	199,570
Taxes receivable	137,103	-	-	137,103
Accounts receivable (net)	165,494	-	-	165,494
Due from other funds	84,882	-	-	84,882
Total Assets	<u>855,173</u>	<u>-</u>	<u>36,726</u>	<u>891,899</u>
Liabilities				
Due to other funds	-	31,697	-	31,697
Deposits	1,925	-	-	1,925
Accounts payable and accrued liabilities	17,626	-	-	17,626
Total Liabilities	<u>19,551</u>	<u>31,697</u>	<u>-</u>	<u>51,248</u>
Deferred Inflows of Resources				
Property taxes receivable	137,103	-	-	137,103
Total Deferred Inflows of Resources	<u>137,103</u>	<u>-</u>	<u>-</u>	<u>137,103</u>
Fund Balances				
Restricted				
Stabilization by State Statute	250,376	-	-	250,376
Streets	199,570	-	-	199,570
Infrastructure	-	(31,697)	36,726	5,029
Assigned	129,374	-	-	129,374
Unassigned	119,199	-	-	119,199
Total Fund Balances	<u>698,519</u>	<u>(31,697)</u>	<u>36,726</u>	<u>703,548</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 855,173</u>	<u>\$ -</u>	<u>\$ 36,726</u>	<u>\$ 891,899</u>

Amounts reported for governmental activities in the statement of net position

The accompanying notes are an integral part of the financial statements.

TOWN OF ENFIELD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

(Exhibit 1) are different because:

Total equity and other credits (Exhibit 3)		\$ 703,548
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	9,273,263	
Accumulated depreciation	<u>(3,403,665)</u>	5,869,598
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred.		52,023
Deferred outflows of resources related to pensions are not reported in the funds		363,945
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Total pension liability	(369,530)	
Net pension liability	(278,513)	
Other long term liabilities	<u>(171,497)</u>	(819,540)
Deferred inflows of resources related to pensions are not reported in the funds		(22,774)
Liabilities for earned but deferred revenues in fund statements.		<u>137,103</u>
Net position of governmental activities		<u><u>\$ 6,283,903</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF ENFIELD
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	MAJOR FUND		NON-MAJOR	TOTAL
	GENERAL	CDBG	ENFIELD	GOVERNMENTAL
	FUND	INFRASTRUCTURE	COMMUNITY	FUNDS
			PARK	
REVENUES				
Ad valorem taxes	\$ 652,932	\$ -	\$ -	\$ 652,932
Other taxes and licenses	1,750	-	-	1,750
Intergovernmental				
Unrestricted	470,868	-	-	470,868
Restricted	192,629	704,456	-	897,085
Permits and fees	6,900	-	-	6,900
Sales and services	197,369	-	-	197,369
Investment Earnings	10,208	-	-	10,208
Miscellaneous	162,733	-	-	162,733
Total revenues	<u>1,695,389</u>	<u>\$ 704,456</u>	<u>-</u>	<u>2,399,845</u>
EXPENDITURES				
Current				
General government	261,032	-	-	261,032
Public safety	773,612	-	-	773,612
Public works	403,698	-	-	403,698
Cultural and Recreational	24,260	-	-	24,260
Economic and Physical development	-	736,105	-	736,105
Debt service:				
Principal	56,667	-	-	56,667
Interest and fees	6,829	-	-	6,829
Total expenditures	<u>1,526,098</u>	<u>736,105</u>	<u>-</u>	<u>2,262,203</u>
REVENUES OVER (UNDER) EXPENDITURE:	169,291	(31,649)	-	137,642
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	14,215	-	-	14,215
Total other financing sources	<u>14,215</u>	<u>-</u>	<u>-</u>	<u>14,215</u>
Net Change in fund balance	183,506	(31,649)	-	151,857
Fund balance, Beginning of year - July 1	<u>515,013</u>	<u>(48)</u>	<u>36,726</u>	<u>551,691</u>
Fund balance, End of year - June 30	<u>\$ 698,519</u>	<u>\$ (31,697)</u>	<u>\$ 36,726</u>	<u>\$ 703,548</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF ENFIELD
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
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 funds (Exhibit 4)	\$ 151,857
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 outlay's exceeded depreciation in the current period.	532,786
The net effect of various transactions involving capital assets (i.e. sales, trade-ins) is to decrease net assets	(14,577)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(35,869)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	56,772
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(57,414)
Pension (expense) income	(93,564)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	56,667
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.	(1,083)
Total changes in net position of governmental activities	<u>\$ 595,575</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF ENFIELD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES				
Ad valorem taxes	\$ 534,800	\$ 561,200	\$ 652,932	\$ 91,732
Other taxes and licenses	1,400	1,400	1,750	350
Unrestricted intergovernmental revenues	358,200	358,200	470,868	112,668
Restricted intergovernmental revenues	75,126	94,126	192,629	98,503
Sales and services	189,176	196,276	197,369	1,093
Permits and fees	4,500	4,500	6,900	2,400
Investment earnings	10,000	10,000	10,208	208
Miscellaneous	117,650	159,317	162,733	3,416
Total revenues	1,290,852	1,385,019	1,695,389	310,370
EXPENDITURES				
General government	282,178	280,662	261,032	19,630
Public safety	798,819	820,756	773,612	47,144
Public Works	319,853	417,391	403,698	13,693
Cultural and recreation	68,346	25,324	24,260	1,064
Debt service:				
Principal retirement	56,670	56,670	56,667	3
Interest	6,860	6,860	6,829	31
Total expenditures	1,532,726	1,607,663	1,526,098	81,565
REVENUES OVER (UNDER) EXPENDITURES	(241,874)	(222,644)	169,291	391,935
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets		5,300	14,215	8,915
Total Other Financing Sources (Uses)	-	5,300	14,215	8,915
APPROPRIATED FUND BALANCE	241,874	217,344	-	(217,344)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	183,506	\$ 183,506
Fund balance, Beginning of year - July 1			515,013	
Fund balance, End of year - June 30			\$ 698,519	

The accompanying notes are an integral part of the financial statements.

TOWN OF ENFIELD, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	ELECTRIC FUND	WATER AND SEWER FUND	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 7,036,812	\$ 279,694	\$ 7,316,506
Accounts receivable (net)	857,874	446,493	1,304,367
Inventory	49,783	-	49,783
Due from other governments	44,632	-	44,632
Due from other funds	-	259,463	259,463
RESTRICTED ASSETS			
Cash and cash equivalents	89,945	36,920	126,865
Total current assets	<u>8,079,046</u>	<u>1,022,570</u>	<u>9,101,616</u>
NONCURRENT ASSETS:			
CAPITAL ASSETS			
Land and other non-depreciable assets	8,800	610,582	619,382
Other capital assets, net of depreciation	195,098	6,152,805	6,347,903
Capital assets (net)	<u>203,898</u>	<u>6,763,387</u>	<u>6,967,285</u>
Total assets	<u>8,282,944</u>	<u>7,785,957</u>	<u>16,068,901</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	105,706	30,310	136,016
Total deferred outflows of resources	<u>105,706</u>	<u>30,310</u>	<u>136,016</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	180,374	20,275	200,649
Compensated absences	20,480	7,819	28,299
General obligation bonds payable - current	-	79,000	79,000
Installment purchases payable - current	-	18,087	18,087
Due to other funds	312,648	-	312,648
Liabilities payable from restricted assets:			
Customer deposits	89,945	36,920	126,865
Total current liabilities	<u>603,447</u>	<u>162,101</u>	<u>765,548</u>
NONCURRENT LIABILITIES			
Compensated absences	-	-	-
Net pension liability	190,676	54,675	245,351
General obligation bonds payable			
- noncurrent maturities	-	1,537,000	1,537,000
Installment purchases payable			
- noncurrent maturities	-	245,474	245,474
Total liabilities	<u>794,123</u>	<u>1,999,250</u>	<u>2,793,373</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	4,208	1,207	5,415
NET POSITION			
Net investment in capital assets	203,898	4,883,826	5,087,724
Unrestricted	7,386,421	931,984	8,318,405
Total net position	<u>\$ 7,590,319</u>	<u>\$ 5,815,810</u>	<u>\$ 13,406,129</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF ENFIELD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	ELECTRIC FUND	WATER AND SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for services	\$ 2,798,637	\$ 1,247,564	\$ 4,046,201
Total operating revenues	<u>2,798,637</u>	<u>1,247,564</u>	<u>4,046,201</u>
OPERATING EXPENSES			
Administration and operations	986,768	951,696	1,938,464
Electrical power purchases	1,486,315	-	1,486,315
Depreciation	30,860	279,004	309,864
Total operating expenses	<u>2,503,943</u>	<u>1,230,700</u>	<u>3,734,643</u>
Operating income (loss)	<u>294,694</u>	<u>16,864</u>	<u>311,558</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on long-term debt	-	(84,600)	(84,600)
Interest earnings	7,257	-	7,257
Total nonoperating revenue (expenses)	<u>7,257</u>	<u>(84,600)</u>	<u>(77,343)</u>
Change in net position	301,951	(67,736)	234,215
Total net position - beginning - as previously reported	7,288,368	5,887,458	13,175,826
Prior Period Adjustment	<u>-</u>	<u>(3,912)</u>	<u>(3,912)</u>
Total net position - beginning - as restated	7,288,368	5,883,546	13,171,914
Total net position - ending - June 30	<u>\$ 7,590,319</u>	<u>\$ 5,815,810</u>	<u>\$ 13,406,129</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF ENFIELD, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	ELECTRIC	WATER AND SEWER	TOTAL
	FUND	FUND	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,676,278	\$ 1,182,489	\$ 3,858,767
Cash paid for goods and services	(1,734,385)	(840,321)	(2,574,706)
Cash paid to employees for services	(506,434)	(95,507)	(601,941)
Customer deposits received (returned)	6,475	3,225	9,700
Net Cash Provided (Used) By Operating Activities	<u>441,934</u>	<u>249,886</u>	<u>691,820</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	-	(94,087)	(94,087)
Interest paid on long-term debt	-	(84,600)	(84,600)
Proceeds from debt	-	128,994	128,994
Acquisition of capital assets	<u>(51,584)</u>	<u>(163,043)</u>	<u>(214,627)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(51,584)</u>	<u>(212,736)</u>	<u>(264,320)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investment	<u>7,257</u>	<u>-</u>	<u>7,257</u>
Net Cash Flows from Investing Activities	<u>7,257</u>	<u>-</u>	<u>7,257</u>
Net Increase (Decrease) in Cash and Cash Equivalents	397,607	37,150	434,757
Cash and Cash Equivalents - Beginning of the Year	<u>6,729,150</u>	<u>279,464</u>	<u>7,008,614</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 7,126,757</u>	<u>\$ 316,614</u>	<u>\$ 7,443,371</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF ENFIELD, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
	ELECTRIC	WATER AND SEWER	TOTAL
	FUND	FUND	
Reconciliation of Operating Income to Net Cash			
Provided By Operating Activities:			
Operating Income	\$ 294,694	\$ 16,864	\$ 311,558
Adjustments to Reconcile Operating Income to Net Cash			
Provided By Operating Activities:			
Depreciation	30,860	279,004	309,864
Change in assets and liabilities:			
(Increase) decrease in			
Accounts receivable	(122,359)	(65,075)	(187,434)
Inventories	59,188	7,711	66,899
Due from other governments	(44,632)	-	(44,632)
Prepaid items	17,004	-	17,004
Deferred outflows of resources for pensions	(18,305)	(1,934)	(20,239)
Increase (decrease) in			
Accounts payable	165,654	3,949	169,603
Net pension liability	47,466	8,180	55,646
Deferred inflows of resources for pensions	1,759	412	2,171
Customer deposits	6,475	3,225	9,700
Compensated absences	4,130	(2,450)	1,680
Total Adjustments	<u>147,240</u>	<u>233,022</u>	<u>380,262</u>
Net Cash Provided By Operating Activities	<u>\$ 441,934</u>	<u>\$ 249,886</u>	<u>\$ 691,820</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Enfield 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 Enfield (the “Town”) is a municipal corporation that is governed by an elected mayor and a five-member board of commissioners. As required by generally accepted accounting principles, these financial statements present the Town as a legally-separate entity for which the Town is financially accountable. The Town as of June 30, 2021 had no component units.

B. Basis of Presentation

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

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

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

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The Town reports the following major governmental funds:

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

CDBG - Infrastructure Project Fund - This fund is used to account for grant funds that are restricted for infrastructure improvements.

The Town reports the following non-major governmental fund:

Enfield Community Park Project Fund - This fund is used to account for grant funds restricted for use of park facilities improvement project.

The Town reports the following major enterprise funds:

Electric Fund - This fund is used to account for the Town's electric fund operations.

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 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

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 all 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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 Enfield because the tax is levied by Halifax 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. 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 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 and Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects Special Revenue Funds and the Water and Sewer Capital Project Funds, which are consolidated with the operating funds 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 object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were 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, 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.

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State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2021, the term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Restricted assets consist of funds restricted for use in capital projects. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, construction, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

Governmental Activities

General Fund	Streets	\$ 199,570
Total Governmental Activities		<u>199,570</u>

Business-type Activities

Electric Fund	Customer Deposits	89,945
Water & Sewer Fund	Customer Deposits	<u>36,920</u>
Total Business-Type Activities		<u>126,865</u>

Total Restricted Cash		<u>\$ 326,435</u>
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**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

4. Ad Valorem Taxes Receivables

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. Allowance for Doubtful Accounts

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

6. Inventory

The inventories of the Town are valued at cost (first-in, first-out) which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased rather than when used.

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The costs of these inventories are expensed when consumed rather than when purchased.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for all asset types. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 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 prior to July 1, 2003, 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.

TOWN OF ENFIELD, NORTH CAROLINA
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Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Infrastructure	30
Buildings	40
Improvements	40
Vehicles	5-10
Furniture and equipment	5-10

8. Deferred outflows/inflows of resources

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

9. Long-Term Obligations

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

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

**TOWN OF ENFIELD, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

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 either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of two 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:

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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.

Restricted for Infrastructure-portion of fund balance that is restricted for use for CDBG Infrastructure Project.

Assigned Fund Balance-portion of fund balance that the Board has appropriated for subsequent years expenditures.

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 Enfield has no formal revenue spending policy for programs with multiple revenue sources. The finance officer has authority to make revenue hierarchy spending decisions that are in the best interest of the Town.

The Town has not adopted a minimum fund balance policy.

12. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$5,580,355 consists of several elements as follows:

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<u>Description</u>		<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$9,273,263	
Less accumulated depreciation	<u>(3,403,665)</u>	
Net capital assets		5,869,598
Deferred inflows of resources and deferred outflows of resources related to pensions are not reported in the funds		
Deferred inflows - LGERS	(6,146)	
Deferred inflows - LEOSSA	(16,628)	
Deferred outflows – LGERS	154,400	
Deferred outflows – LEOSSA	<u>209,545</u>	
		341,171
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements		52,023
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide		137,103
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:		
Bonds, leases and installment financing	(127,499)	
Compensated absences	(43,777)	
Total pension liability	(369,530)	
Pension liability - LGERS	(278,513)	
Accrued interest payable	<u>(221)</u>	
Liability adjustment		<u>(819,540)</u>
Total adjustment		<u>\$5,580,355</u>

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Explanation of certain differences between the governmental fund statement of revenues and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$443,718 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 746,105
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(213,319)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins) is to decrease net assets	(14,577)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	56,772
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	(57,414)
The issuance of long-term debt provided current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources. This is the net effect of those differences in the treatment of long-term debt and related items.	
Repayment of principal	56,667
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Difference in interest expense between fund statements (modified accrual) and government-wide statements (full-accrual)	98
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,181)
Pension (expense) income-LGERS	(93,564)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements	
Reversal of deferred tax revenue recorded 7-1-20	(164,360)
Recording of tax receipts deferred in the fund statements as of 6-30-21	137,103
Increase in accrued taxes receivable for the year ended 6-30-21	<u>(8,612)</u>
Total adjustment	<u>\$ 443,718</u>

13. Defined Benefit Cost-Sharing Plan

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

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021 there were no expenditures greater than the budgeted amount.

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of 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 agent in the Town'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 agent in the Town'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. The 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 policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$6,981,157 and a bank balance of \$7,083,587. Of the bank balance, \$500,000 was covered by federal depository insurance and \$ 6,583,587 was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash fund totaled \$750.

2. Investments

At June 30, 2021, the Town of Enfield had \$965,884 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy recording credit risk for investments.

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:

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General Fund:	
Garbage Receivable	\$ 1,219
Total General Fund	<u>1,219</u>
Enterprise Funds:	
Electric Fund	\$ 30,505
Water and Sewer Fund	<u>17,958</u>
Total Enterprise Funds	<u>\$ 48,463</u>
Total	<u>\$ 49,682</u>

4. Capital Assets

Primary Government

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	\$ 284,473	\$ -	\$ 8,930	\$ 275,543
Construction in Progress	<u>-</u>	<u>736,105</u>	<u>-</u>	<u>736,105</u>
Total capital assets not being				
Depreciated	<u>284,473</u>	<u>736,105</u>	<u>8,930</u>	<u>1,011,648</u>
Capital assets being depreciated:				
Buildings	1,975,871	-	-	1,975,871
Other Improvements	4,899,373	-	-	4,899,373
Equipment	409,665	-	-	409,665
Vehicles	<u>1,070,179</u>	<u>10,000</u>	<u>103,473</u>	<u>976,706</u>
Total capital assets being				
Depreciated	<u>8,355,088</u>	<u>10,000</u>	<u>103,473</u>	<u>8,261,615</u>
Less accumulated depreciation for:				
Buildings	1,258,317	29,490	-	1,287,807
Other Improvements	658,232	127,357	-	785,589
Equipment	358,209	31,331	-	389,540
Vehicles	<u>1,013,414</u>	<u>25,141</u>	<u>97,826</u>	<u>940,729</u>
Total accumulated depreciation	<u>3,288,172</u>	<u>\$ 213,319</u>	<u>\$ 97,826</u>	<u>3,403,665</u>
Total capital assets being				
depreciated, net	<u>5,066,916</u>			<u>4,857,950</u>
Governmental activity capital assets,				
net	<u>\$ 5,351,389</u>			<u>\$5,869,598</u>

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

General government	\$ 152,713
Public Safety	26,694
Public Works	<u>33,912</u>
Total depreciation expense	<u>\$ 213,319</u>

TOWN OF ENFIELD, NORTH CAROLINA
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	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
Business-type activities:				
<i>Electric Fund</i>				
Capital assets not being depreciated:				
Land	\$ 8,800	\$ -	\$ -	\$ 8,800
Capital assets being depreciated:				
Substations, Lines & Related Equip.	1,863,309	-	-	1,863,309
Buildings	116,620	-	-	116,620
Furniture and Maintenance Equip.	336,283	19,584	-	355,867
Vehicles	603,908	32,000	-	635,908
Total capital assets being				
Depreciated	2,920,120	51,584	-	2,971,704
Less accumulated depreciation for:				
Substations, Lines & Related Equip.	1,804,775	8,534	-	1,813,309
Buildings	58,725	3,772	-	62,497
Furniture and Maintenance Equip.	286,063	11,096	-	297,159
Vehicles	596,183	7,458	-	603,641
Total accumulated depreciation	2,745,746	\$ 30,860	\$ -	2,776,606
Total capital assets being				
depreciated, net	174,374			195,098
Electric Fund capital assets, net	\$ 183,174			\$203,898
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 21,230	\$ -	\$ -	\$ 21,230
Construction in progress	426,309	163,043	-	589,352
Total capital assets not being				
Depreciated	447,539	163,043	-	610,582
Capital assets being depreciated:				
Plant and distribution systems	13,021,392	-	-	13,021,392
Buildings	8,560	-	-	8,560
Furniture and Maintenance Equip.	369,546	-	-	369,546
Vehicles	63,717	-	-	63,717
Total capital assets being				
Depreciated	13,463,215	-	-	13,463,215
Less accumulated depreciation for:				
Plant and distribution systems	6,659,958	266,733	-	6,926,691
Buildings	5,980	-	-	5,980
Furniture and Maintenance Equip.	301,751	12,271	-	314,022
Vehicles	63,717	-	-	63,717
Total accumulated depreciation	7,031,406	\$ 279,004	\$ -	7,310,410
Total capital assets being				
depreciated, net	6,431,809			6,152,805
Water and Sewer fund capital assets, net	\$ 6,879,348			\$ 6,967,285
Business-type activities capital assets, net	\$ 7,062,522			\$ 6,927,285

**TOWN OF ENFIELD, NORTH CAROLINA
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B. Liabilities

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Enfield 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 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

**TOWN OF ENFIELD, NORTH CAROLINA
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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 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's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.36% 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 were \$106,785 for the year ended June 30, 2021.

Refunds of Contributions – The 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 \$523,864 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 update 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 .01466%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the Town recognized pension expense of \$181,156. 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	\$ 66,155	\$ -
Changes of assumptions	38,986	-
Net difference between projected and actual earnings on pension plan investments	73,720	-
Changes in proportion and differences between the Town contributions and proportionate share of contributions	4,770	11,561
Town contributions subsequent to the measurement date	106,785	-
Total	\$ 290,416	\$ 11,561

\$106,785 reported as deferred outflows or resources related to pensions resulting from The Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2022	49,944
2023	64,728
2024	35,579
2025	21,819

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	3.5 to 8.10 percent
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

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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

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

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

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

**TOWN OF ENFIELD, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
The Town's proportionate share of the net pension liability (asset)	\$1,062,863	\$523,864	\$75,918

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Enfield administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>10</u>
Total	<u>10</u>

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees.

TOWN OF ENFIELD, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$369,530. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$57,414.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,822	\$ 11,737
Changes of assumptions	69,723	4,891
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 209,545	\$ 16,628

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 36,129
2023	36,186
2024	36,246
2025	32,457
2026	29,772
Thereafter	22,127

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$408,885	\$369,530	\$334,430

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

	2021
Beginning balance	\$ 139,694
Service Cost	16,731
Interest on the total pension liability	4,554
Differences between expected and actual experience in the measurement of the total pension liability	137,867
Changes of assumptions or other inputs	70,684
Ending balance of the total pension liability	<u>\$ 369,530</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on 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.

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

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

**TOWN OF ENFIELD, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 181,156	\$ 57,414	\$ 238,570
Pension Liability	523,864	369,530	893,394
Proportionate share of the net pension liability	.01466%	n/a	-
 <u>Deferred of Outflows of Resources</u>			
Differences between expected and actual experience	66,155	139,822	205,977
Changes of assumptions	38,986	69,723	108,709
Net difference between projected and actual earnings on plan investments	73,720	-	73,720
Changes in proportion and differences between contributions and proportionate share of contributions	4,770	-	4,770
Benefit payments and administrative costs paid subsequent to the measurement date	106,785	-	106,785
 <u>Deferred of Inflows of Resources</u>			
Differences between expected and actual experience	-	11,737	11,737
Changes of assumptions	-	4,891	4,891
Change in proportion and differences between contributions and proportionate share of contributions	11,561	-	11,561

Supplemental Retirement Income Plan for Law Enforcement Officers

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

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$33,888, which consisted of \$15,341 from the Town and \$18,547 from the law enforcement officers.

c. Other Post-employment Benefits

The Town offers no benefits to employees after separation or retirement.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 106,785
Benefit payments made and administrative expenses for LEOSA	-
Differences between expected and actual experience	205,977
Changes of assumptions	108,709
Net difference between projected and actual earnings on pension plan investments	73,720

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in proportion and differences between the Town contributions and proportionate share of contributions	4,770
Total	<u>\$ 499,961</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, net (General Fund)	\$ -	\$ 137,103
Differences between expected and actual experience	11,737	-
Changes of assumptions	4,891	-
Changes in proportion and differences between the Town contributions and proportionate share of contributions	<u>11,561</u>	<u>-</u>
Total	<u>\$ 28,189</u>	<u>\$ 137,103</u>

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 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 the 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 worker's 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 except for flood insurance. There have been no significant reductions in insurance coverage in the prior year. The Board is currently considering obtaining flood coverage for future losses. 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 and Finance Commissioner are each individually bonded for \$50,000. The Remaining employees that have access to funds are bonded under a blanket surety bond.

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

5. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town had no pending lawsuits.

6. Long-Term Obligation

a. Installment Purchases

In 2008 the Town entered into a \$850,000 direct placement contract for a municipal complex. The contract requires quarterly payments of \$14,167 plus interest at 4.21%. The complex is pledged as collateral for the debt while the debt is outstanding. The balance at June 30, 2021 is \$127,499.

In 2013 the Town entered into a \$228,834 direct placement contract to fund a water project. The contract requires annual payments of \$11,442 with no interest. The balance at June 30, 2021 is \$137,300.

In 2020 the Town entered into a \$132,906 direct placement contract to fund a water project. The contract requires twenty annual payments \$6,645.30 with no interest, maturing in May 2040. The balance at June 30, 2021 is \$126,261.

Annual debt service payments of the installment purchases as of June 30, 2021 including \$6,712 of interest are as follows:

	<u>Governmental Type Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 56,667	\$ 4,474	\$ 18,087	\$ -
2023	56,667	2,088	18,087	-
2024	14,165	150	18,087	-
2025	-	-	18,087	-
2026	-	-	18,087	-
2027-2031	-	-	90,435	-
2032-2036	-	-	56,110	-
2037-2041	-	-	26,581	-
Total	<u>\$ 127,499</u>	<u>\$ 6,712</u>	<u>\$ 263,561</u>	<u>\$ -</u>

b. General Obligation Indebtedness

The Town's general obligation bonds serviced by the water and sewer fund were issued to finance capital projects. Those general obligation bonds issued to finance the construction of infrastructure utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

General Obligation Bonds:
Serviced by the Water and Sewer Fund

\$2,688,000 originally-1997 Sewer Capital Project
Bond due in annual installments with interest at
5% \$1,616,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 79,000	\$ 80,800
2023	83,500	76,850
2024	87,000	72,675
2025	91,500	68,325
2026	96,000	63,750
2027-2031	531,000	242,400
2032-2036	540,000	108,000
2037-2041	<u>108,000</u>	<u>5,400</u>
Total	<u>\$1,616,000</u>	<u>\$ 718,200</u>

c. Changes in Long-Term Liabilities

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Governmental Activities:					
Compensated absences	\$ 42,596	\$ 48,796	\$ 47,615	\$ 43,777	\$ 43,777
Installment purchases	184,166	-	56,667	127,499	56,667
Net pension liability (LGERS)	229,765	48,748	-	278,513	-
Total pension obligation (LEO)	<u>139,694</u>	<u>229,836</u>	<u>-</u>	<u>369,530</u>	<u>-</u>
Total	<u>\$ 596,221</u>	<u>\$ 327,380</u>	<u>\$ 104,282</u>	<u>\$ 819,319</u>	<u>\$ 100,444</u>
Business-type Activities:					
Compensated absences	\$ 26,619	\$ 31,233	\$29,553	\$ 28,299	\$ 28,299
Net pension liability (LGERS)	189,705	55,646	-	245,351	-
Installment purchases	152,654	128,994	18,087	263,561	18,087
General obligation bonds	<u>1,692,000</u>	<u>-</u>	<u>76,000</u>	<u>1,616,000</u>	<u>79,000</u>
Total	<u>\$2,060,978</u>	<u>\$ 215,873</u>	<u>\$ 123,640</u>	<u>\$2,153,211</u>	<u>\$ 125,386</u>

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

d. Interfund Balances and Activity

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

	<u>Due To</u>	<u>Due From</u>
General Fund:		
Electric Fund	\$ -	\$ 53,185
CDBG Infrastructure		31,697
CDBG Infrastructure		
General	31,697	
Electric Fund:		
Water & Sewer Fund	259,463	-
General Fund	53,185	-
Water & Sewer Fund:		
Electric Fund	-	259,463
Total	<u>\$ 344,345</u>	<u>\$ 344,345</u>

These balances are advances for payments made by the receivable fund prior to reimbursement by payable fund. All balances are considered current.

d. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$5,869,598	\$ 6,967,285
Less: Current portion of Debt	56,667	97,087
Less: Long term Debt	<u>70,832</u>	<u>1,782,474</u>
Net investment in capital assets	<u>\$ 5,742,099</u>	<u>\$ 5,087,724</u>

f. 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	\$ 698,519
Less :	
Stabilization by State Statute	250,376
Streets - Powell Bill	199,570
Appropriated Fund Balance in 2022 budget	<u>129,374</u>
Remaining Fund Balance	<u>\$ 119,199</u>

The Town of Enfield has adopted no formal fund balance policy.

**TOWN OF ENFIELD, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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. PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2021, the Town determined the prior year debt balances were incorrect. Therefore, a prior period adjustment was made to record additional beginning loan balances of \$3,912 in the Water and Sewer Capital Project Fund, which also resulted in restating Water and Sewer fund balance at June 30, 2021 from \$13,175,826 to \$13,171,914.

VI. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Town has evaluated events and transactions that occurred between June 30, 2021 and November 10, 2021, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

As of the date of issuance of the Town's audit, there is a pandemic situation regarding the COVID-19 virus. The Town is monitoring the effect of this pandemic on its financial operations. At this time, management has evaluated the situation and has concluded no additional disclosures are warranted.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**TOWN OF ENFIELD, NORTH CAROLINA
TOWN OF ENFIELD'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>
Enfield's proportion of the net pension liability (asset) (%)	0.01466%	0.01536%	0.01615%	0.01366%	0.01240%	0.01217%	-0.02%	0.02%
Enfield's proportion of the net pension liability (asset) (\$)	523,864	419,470	383,133	208,687	263,170	54,618	(89,407)	229,023
Enfield's covered-employee payroll	1,044,909	1,014,616	861,563	821,830	736,764	745,826	869,619	902,718
Enfield's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.13%	41.34%	44.47%	25.39%	35.72%	7.3232%	-10.2812%	25.3704%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

* 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 ENFIELD, NORTH CAROLINA
TOWN OF ENFIELD'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	\$ 106,785	\$ 97,401	\$ 82,624	\$ 68,263	\$ 63,059	\$ 51,447	\$ 54,532	\$ 63,251
Contributions in relation to the contractually required contribution	<u>106,785</u>	<u>97,401</u>	<u>82,624</u>	<u>68,263</u>	<u>63,059</u>	<u>51,447</u>	<u>54,532</u>	<u>63,251</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Enfield's covered-employee payroll	1,016,428	1,044,909	1,014,616	861,563	821,830	736,764	745,826	869,619
Contributions as a percentage of covered-employee payroll	10.51%	9.32%	8.14%	7.92%	7.67%	6.98%	7.31%	7.27%

TOWN OF ENFIELD, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 139,694	\$ 132,167	\$ 107,335	\$ 54,535	\$ 45,880
Service Cost	16,731	12,319	14,397	9,964	7,779
Interest on the total pension liability	4,554	4,811	3,392	2,105	1,638
Differences between expected and actual experience in the measurement of the total pension liability	137,867	(16,099)	15,213	30,133	-
Changes of assumptions or other inputs	70,684	6,496	(8,170)	10,598	(762)
Ending balance of the total pension liability	<u>\$ 369,530</u>	<u>\$ 139,694</u>	<u>\$ 132,167</u>	<u>\$ 107,335</u>	<u>\$ 54,535</u>

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

TOWN OF ENFIELD, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 369,530	\$ 139,694	\$ 132,167	\$ 107,335	\$ 54,535
Covered payroll	478,706	404,177	476,402	356,276	368,321
Total pension liability as a percentage of covered payroll	77.19%	34.56%	27.74%	30.13%	14.81%

Notes to the schedules:

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

TOWN OF ENFIELD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Ad valorem taxes			
Current year	\$ 512,500	\$ 602,604	\$ 90,104
Prior years	48,300	31,717	(16,583)
Penalties and interest	400	18,611	18,211
Total Ad valorem taxes	561,200	652,932	91,732
Other taxes and licenses			
Privilege licenses	1,400	1,750	350
Motor vehicle licenses	-	-	-
Total other taxes and licenses	1,400	1,750	350
Unrestricted intergovernmental			
Local option sales tax	203,000	308,141	105,141
Utility franchise tax	82,000	91,601	9,601
Beer and wine tax	10,000	10,751	751
Tax refunds	28,500	18,927	(9,573)
Telecommunications & excise tax	20,000	21,104	1,104
ABC profit distribution	2,200	6,689	4,489
Video programming tax	12,500	11,744	(756)
Solid waste disposal	-	1,911	1,911
Total Unrestricted Intergovernmental	358,200	470,868	112,668
Restricted intergovernmental			
Cares Act	19,000	59,400	40,400
FEMA	-	62,044	62,044
Powell bill allocation	75,126	71,185	(3,941)
Total Restricted Intergovernmental	94,126	192,629	98,503
Permits and fees			
Building permits and inspection	4,500	6,900	2,400
Sales and services			
Garbage collection fee	160,176	175,169	14,993
Cemetery revenue	32,100	22,000	(10,100)
Other	4,000	200	(3,800)
Total Sales and Services	196,276	197,369	1,093
Investment earnings	10,000	10,208	208
Miscellaneous			
Police revenues and citations	45,587	46,933	1,346
Solar Farm	50,000	50,000	-
Other	63,730	65,800	2,070
Total miscellaneous	159,317	162,733	3,416
Total revenues	\$ 1,385,019	\$ 1,695,389	\$ 310,370

TOWN OF ENFIELD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES			
General government			
Governing body			
Salaries and benefits	\$ 23,066	\$ 22,607	\$ 459
Operating expenditures	10,372	10,404	(32)
Capital outlay	-	-	-
Total governing body	33,438	33,011	427
Legal department			
Professional services	33,000	32,774	226
Total Legal Department	33,000	32,774	226
Administration			
Salaries and benefits	118,647	107,362	11,285
Other operating expenditures	42,880	39,209	3,671
Capital outlay	-	-	-
Total administration	161,527	146,571	14,956
Planning and Zoning			
Salaries and benefits	38,667	38,463	204
Other operating expenditures	14,030	10,213	3,817
Capital outlay	-	-	-
Total planning and zoning	52,697	48,676	4,021
Total General Government	\$ 280,662	\$ 261,032	\$ 19,630

TOWN OF ENFIELD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public Safety			
Police			
Salaries and benefits	\$ 531,001	\$ 500,882	\$ 30,119
Other operating expenditures	201,755	184,730	17,025
Capital outlay	10,000	10,000	-
Total police	742,756	695,612	47,144
Fire department			
Other operating expenditures	78,000	78,000	-
Capital outlay	-	-	-
Total Fire Department	78,000	78,000	-
Total Public Safety	820,756	773,612	47,144
Public Works			
Transportation and Sanitation			
Salaries and benefits	111,367	102,373	8,994
Other operating expenditures	306,024	301,325	4,699
Capital outlay	-	-	-
Total Public Works	417,391	403,698	13,693
Cultural and Recreational			
Recreational Department			
Salaries and benefits	33	-	33
Other operating expenditures	17,191	17,508	(317)
Capital outlay	-	-	-
Total Recreational Department	17,224	17,508	(284)
Library			
Other operating expenditures	8,100	6,752	1,348
Total Library	8,100	6,752	1,348
Total Cultural and Recreational	25,324	24,260	1,064
Debt Service			
Principal retirement	56,670	56,667	3
Interest and fees	6,860	6,829	31
Total Debt Service	63,530	63,496	34
Total expenditures	\$ 1,607,663	\$ 1,526,098	\$ 81,565

TOWN OF ENFIELD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues over (under) expenditures	\$ (222,644)	\$ 169,291	\$ 391,935
Other Financing Sources (uses)			
Sale of capital assets	<u>5,300</u>	<u>14,215</u>	<u>8,915</u>
Total Other Financing Sources (uses)	<u>5,300</u>	<u>14,215</u>	<u>8,915</u>
FUND BALANCE APPROPRIATED	<u>217,344</u>	<u>-</u>	<u>(217,344)</u>
EXCESS OF REVENUES, APPROPRIATED FUND BALANCE, AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>183,506</u>	<u>\$ 183,506</u>
FUND BALANCES			
Beginning of year		<u>515,013</u>	
End of year		<u>\$ 698,519</u>	

TOWN OF ENFIELD, NORTH CAROLINA
CDBG - INFRASTRUCTURE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		ACTUAL			VARIANCE POSITIVE (NEGATIVE)
	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	
REVENUES					
CDBG-Water System	\$ 890,000	\$ -	\$ 704,456	\$ 704,456	\$ (185,544)
Total Revenues	890,000	-	704,456	704,456	(185,544)
EXPENDITURES					
CDBG-Water System	890,000	48	736,105	736,153	153,847
Total Expenditures	890,000	48	736,105	736,153	153,847
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ (48)	(31,649)	\$ (31,697)	\$ (31,697)
Fund Balance - beginning of year - July 1			(48)		
Fund Balance - end of year - June 30			\$ (31,697)		

**TOWN OF ENFIELD, NORTH CAROLINA
ENFIELD COMMUNITY PARK
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		ACTUAL			VARIANCE
	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	POSITIVE (NEGATIVE)
REVENUES					
NC PARTF Grant	\$ -	\$ 413,841	\$ -	\$ 413,841	\$ -
Town Contributions	-	58,751	-	58,751	-
Kate B Reynolds Trust	-	130,310	-	130,310	-
	<u>918,630</u>	<u>602,902</u>	<u>-</u>	<u>602,902</u>	<u>(315,728)</u>
EXPENDITURES					
Recreation Center renovation	-	86,455	-	86,455	
Playground equipment	-	94,694	-	94,694	
Multi-purpose Athletic field	-	64,750	-	64,750	
Site improvement	-	235,919	-	235,919	
Walking trail	-	92,677	-	92,677	
Myer Oakview building renovation	-	146,470	-	146,470	
Planning	-	11,665	-	11,665	
Playground	-	2,875	-	2,875	
Total Expenditures	<u>912,980</u>	<u>735,505</u>	<u>-</u>	<u>735,505</u>	<u>177,475</u>
Revenues over (under) expenditures	5,650	(132,603)	-	(132,603)	(493,203)
OTHER FINANCING SOURCES					
Transfer from General Fund	<u>(5,650)</u>	<u>169,329</u>	<u>-</u>	<u>169,329</u>	<u>174,979</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 36,726</u>	<u>-</u>	<u>\$ 36,726</u>	<u>\$ 36,726</u>
Fund Balance - beginning of year - July 1			<u>36,726</u>		
Fund Balance - end of year - June 30			<u>\$ 36,726</u>		

TOWN OF ENFIELD, NORTH CAROLINA
ELECTRIC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Operating Revenues			
Charges for Services			
Sale of electricity	\$ 2,528,000	\$ 2,734,897	\$ 206,897
Miscellaneous	71,640	63,740	(7,900)
Total Operating Revenues	2,599,640	2,798,637	198,997
Non-operating Revenues			
Interest Income	16,000	7,257	(8,743)
Total Non-operating Revenues	16,000	7,257	(8,743)
Total Revenues	2,615,640	2,805,894	190,254
EXPENDITURES			
Electrical Operations			
Salaries and employee benefits	528,463	506,434	22,029
Supplies	52,754	110,494	(57,740)
Maintenance and repairs	117,792	67,302	50,490
Cost of electricity	1,385,315	1,486,315	(101,000)
Utilities	10,000	7,756	2,244
Other operating expenditures	390,546	204,185	186,361
Contracted services	65,760	59,677	6,083
Total Electrical Operations	2,550,630	2,442,163	108,467
Capital Outlay	-	-	-
Debt Service			
Interest and fees	-	-	-
Total Expenditures	2,550,630	2,442,163	108,467
Revenues over (under) expenditures	65,010	363,731	298,721
Fund Balance Appropriated	(65,010)	-	65,010
Revenues and Other Financing Sources			
(Uses) over (under) Expenditures	\$ -	363,731	\$ 363,731
Reconciliation from budgetary basis (modified accrual)			
to full accrual basis:			
Capital outlay		-	
Increase in deferred outflows of resources-pensions		18,305	
Increase in net pension liability		(47,466)	
Increase in deferred inflows of resources-pensions		(1,759)	
Depreciation		(30,860)	
Change in Net Position - Exhibit 7		\$ 301,951	

TOWN OF ENFIELD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Operating Revenues			
Charges for Services			
Water service	\$ 500,000	\$ 636,002	\$ 136,002
Sewer service	584,000	611,582	27,582
Taps and connections	-	(20)	(20)
Total Operating Revenues	1,084,000	1,247,564	163,564
EXPENDITURES			
Water Operations			
Salaries and employee benefits	136,238	126,573	9,665
Utilities	47,498	47,365	133
Maintenance and repairs	11,930	10,858	1,072
Chemicals and supplies	11,496	18,286	(6,790)
Other operating expenditures	15,747	15,175	572
Contracted services	267,828	267,986	(158)
Total Water Operations	490,737	486,243	4,494
Sewer Operations			
Salaries and employee benefits	32,314	31,066	1,248
Utilities	117,234	117,234	-
Maintenance and repairs	14,058	14,057	1
Chemicals and supplies	633	1,488	(855)
Other operating expenditures	17,756	17,756	-
Contracted services	313,256	277,194	36,062
Total Sewer Operations	495,251	458,795	36,456
Capital Outlay	179	-	179
Debt Service			
Principal retirement	94,273	76,000	18,273
Interest and fees	85,600	84,600	1,000
Total Debt Service	179,873	160,600	19,273
Revenues over (under) expenditures	(82,040)	141,926	223,966
Other financing sources (uses)			
Loan proceeds	-	128,994	128,994
Fund Balance appropriated	82,040	-	(82,040)
Total Other financing sources (uses)	82,040	128,994	46,954
Revenues and other sources over expenditures and other uses	\$ -	270,920	\$ 270,920
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Capital contributions		-	
Increase in deferred outflows of resources-pensions		1,934	
Increase in net pension liability		(8,180)	
Increase in deferred inflows of resources-pensions		(412)	
Loan proceeds		(128,994)	
Depreciation		(279,004)	
Principal retirement		76,000	
Change in Net Position - Exhibit 7		\$ (67,736)	

TOWN OF ENFIELD, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECT FUND-DISASTER RECOVERY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		ACTUAL				
	PROJECT AUTHORIZATION	PRIOR YEAR	CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)	
REVENUES						
N C Department of Environmental Quality	\$ 546,425	\$ 417,431	\$ -	\$ 417,431	\$ (128,994)	
EXPENDITURES						
Administration		24,750	20,828	45,578		
Engineering		64,275	23,210	87,485		
Improvements		337,550	119,005	456,555		
Total Expenditures	<u>679,331</u>	<u>426,575</u>	<u>163,043</u>	<u>589,618</u>	<u>89,713</u>	
OTHER FINANCING SOURCES						
Transfers from water fund	-	-	36,000	36,000		
Loan proceeds	<u>132,906</u>	<u>3,912</u>	<u>128,994</u>	<u>132,906</u>		
	132,906	3,912	164,994	168,906	36,000	
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (5,232)</u>	1,951	<u>\$ (3,281)</u>	<u>\$ (182,707)</u>	
Fund Balance - beginning of year - July 1			<u>(5,232)</u>			
Fund Balance - end of year - June 30			<u>\$ (3,281)</u>			

OTHER SCHEDULES

TOWN OF ENFIELD, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

<u>FISCAL YEAR</u>	<u>UNCOLLECTED BALANCE JUNE 30, 2020</u>	<u>ADDITIONS</u>	<u>COLLECTIONS AND CREDITS</u>	<u>UNCOLLECTED BALANCE JUNE 30, 2021</u>
2020-2021	\$ -	\$ 629,031	\$ 602,604	\$ 26,427
2019-2020	33,272	-	14,401	18,871
2018-2019	25,527	-	7,882	17,645
2017-2018	17,942	-	5,072	12,870
2016-2017	14,834	-	3,987	10,847
2015-2016	12,634	-	3,075	9,559
2014-2015	12,476	-	2,916	9,560
2013-2014	13,774	-	2,673	11,101
2012-2013	13,189	-	2,605	10,584
2011-2012	11,494	-	1,855	9,639
2010-2011	9,218	-	9,218	-
	<u>\$ 164,360</u>	<u>\$ 629,031</u>	<u>\$ 656,288</u>	<u>\$ 137,103</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 652,932
Reconciling items:	
Interest collected	(18,611)
Amounts written off	9,218
Discounts allowed	12,749
Total collections and credits	<u>\$ 656,288</u>

**TOWN OF ENFIELD, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Real and personal property	\$ 58,944,876	0.927	\$ 546,419	\$ 546,419	\$ -
Motor vehicles	<u>8,911,758</u>	0.927	<u>82,612</u>	<u>-</u>	<u>82,612</u>
Total Property Valuation	<u><u>\$ 67,856,634</u></u>				
Net Levy			\$ 629,031	\$ 546,419	\$ 82,612
Less uncollected taxes at June 30, 2021			<u>26,427</u>	<u>25,931</u>	<u>496</u>
Current Year Taxes Collected			<u><u>\$ 602,604</u></u>	<u><u>\$ 520,488</u></u>	<u><u>\$ 82,116</u></u>
Current Levy Collection %			<u><u>95.80%</u></u>	<u><u>95.25%</u></u>	<u><u>99.40%</u></u>

COMPLIANCE SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

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

Independent Auditor's Report

To the Mayor and Board Members
Town of Enfield, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Enfield, North Carolina, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town of Enfield's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

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

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

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

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deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Winston, Williams, Creech, Evans & Co., LLP

Oxford, North Carolina
November 10, 2021

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Mayor and Board Members
Town of Enfield, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Enfield, North Carolina compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Enfield's major state programs for the year ended June 30, 2021. The Town of Enfield's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Enfield's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the *State Single Audit Implementation Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining,

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on a test basis, evidence about the Town of Enfield's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Enfield's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Enfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Enfield is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Enfield's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Enfield's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, North Carolina
November 10, 2021

**TOWN OF ENFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(s) ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

State Awards

Internal Control over Major State Programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(s) identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major state program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ☐ Yes ☒ No

Identification of major State programs:

Connect NC Bond

Section II. Financial Statement Findings

None reported

Section III. State Award Findings

None reported

**TOWN OF ENFIELD
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

Section II - Financial Statement Findings

None reported.

Section III - State Award Findings

None reported.

**TOWN OF ENFIELD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Prior Year Audit Findings:

Financial Statement Findings

None reported.

State Award Findings

None reported.

TOWN OF ENFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

	Assistance Listing Number	State Pass-through Grantor Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
Federal Awards				
<u>U S Dept. of Housing and Urban Development</u>				
<u>Office of Community Planning and Development</u>				
Community Development Block Grant	14.228		\$ 23,500	\$ -
<u>U S Department of Homeland Security</u>				
Passed through the NC Dept of Public Safety				
Edward Byrne Memorial Justice Assistance Grant	16.738		23,522	-
State Awards				
<u>N C Department of Environmental Quality</u>				
Division of Waste Management				
Connect NC Bond				
Cleanwater Connect		4W02	-	163,043
Drinking Water Connect		4W03	-	736,105
				<u>899,148</u>
<u>NC Department of Transportation</u>				
Powell Bill		DOT-4	-	116,279
Total Assistance			<u>\$ 47,022</u>	<u>\$ 1,015,427</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards(SEFSA) includes the federal and State grant activity of the Town of Enfield under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Enfield, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of Enfield.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Town of Enfield has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.