

**REVIEWED**

*By SLGFD at 10:13 am, Dec 10, 2021*

**Town of Fontana Dam, North Carolina**  
**Financial Statements**  
**June 30, 2021**

**Turner & Company CPAs P.A.**

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

# Town of Fontana Dam, North Carolina

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June 30, 2021

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## Introductory Information

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**Town of Fontana Dam, North Carolina**  
**Town Government and Key Staff**  
**As of the Date of the Auditors' Report**

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**Town Council**

Rob Hardy, Mayor

Jon Hogdson

Tiffany Duke

**Administrative and Financial Staff**

Zelerie Rogers, Town Administrator/Clerk

Willa Mae Passmore, Finance Officer

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## Financial Section

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# Turner & Company CPAs P.A.

31 Peachtree Street • Murphy, NC 28906 • Phone (828) 837-8188 • Fax (828) 837-5313

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## **Independent Auditors' Report**

To the Honorable Mayor and Town Council  
Town of Fontana Dam, North Carolina

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Town of Fontana Dam, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Town'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 Town's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

### ***Opinions***

In our opinion, based upon 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, the discretely presented component unit, and the major fund of the Town of Fontana Dam, North Carolina, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 Fontana Dam. The introductory information, combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in cursive script that reads "Turner & Company CPAs P.A.".

Turner & Company CPAs P.A.  
Murphy, North Carolina  
November 29, 2021

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## Management's Discussion and Analysis

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# Town of Fontana Dam, North Carolina

## Management's Discussion and Analysis

### June 30, 2021

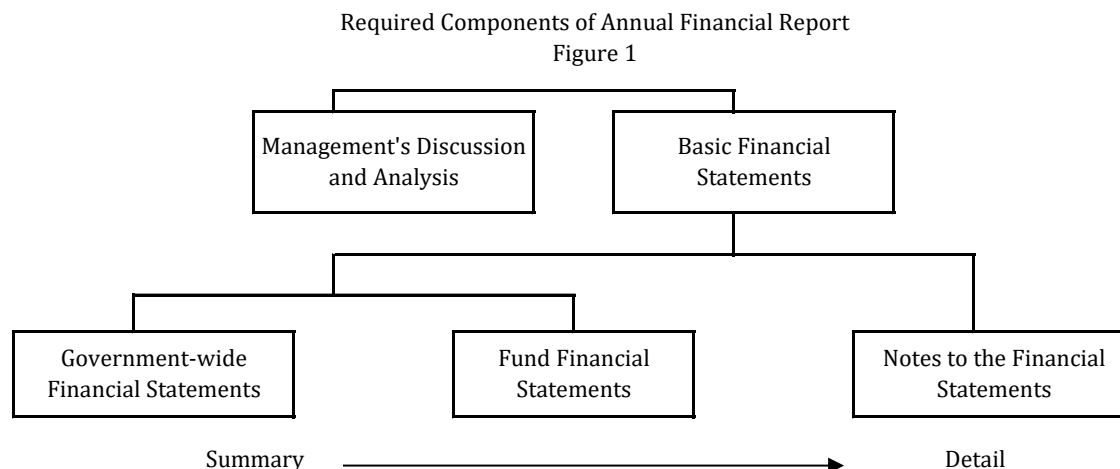
As management of the Town of Fontana Dam, we offer readers of the Town of Fontana Dam's financial statements this narrative overview and analysis of the financial activities of the Town of Fontana Dam for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here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

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Fontana Dam exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,149,538 (net position).
- The government's total net position decreased by \$89,328 based on an increase in the governmental activities net position and a decrease in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Fontana Dam governmental funds reported combined ending fund balances of \$186,542 with a net increase of \$20,041 in fund balance. Approximately 33.37 percent of this total amount, or \$62,249, is nonspendable or restricted.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$24,293, or 19.55 percent of total general fund expenditures for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Fontana Dam'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 Fontana Dam.



### 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 9) 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 financial statements of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. 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 services to be offered by the Town of Fontana Dam upon the completion of the water treatment plant. The final category is the component unit. Although legally separate from the Town, the Tourism Development Authority is important to the Town. The Town exercises control over the Tourism Development Authority by appointing its board members. The Tourism Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the Town Council.

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

## Fund Financial Statements

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

The Town of Fontana Dam 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 Fontana Dam 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 Fontana Dam uses an enterprise fund to account for its water system activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**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 20 of this report.

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

## Government-Wide Financial Analysis

## Town of Fontana Dam, North Carolina's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 198,075	\$ 176,496	\$ 9,124	\$ 1,202	\$ 207,199	\$ 177,698
Capital assets	765,392	768,868	3,187,907	3,303,666	3,953,299	4,072,534
Total assets	963,467	945,364	3,197,031	3,304,868	4,160,498	4,250,232
Other liabilities	9,810	9,351	1,150	2,015	10,960	11,366
Total liabilities	9,810	9,351	1,150	2,015	10,960	11,366
Net investment in capital assets	765,392	768,868	3,187,907	3,303,666	3,953,299	4,072,534
Restricted	60,215	73,719	-	-	60,215	73,719
Unrestricted	128,050	93,426	7,974	(813)	136,024	92,613
Total net position	\$ 953,657	\$ 936,013	\$ 3,195,881	\$ 3,302,853	\$ 4,149,538	\$ 4,238,866

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 Fontana Dam exceeded liabilities and deferred inflows by \$4,149,538 as of June 30, 2021. The Town's net position decreased by \$89,328 for the fiscal year ended June 30, 2021. However, the largest portion (95.27%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Fontana Dam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Fontana Dam's net position \$60,215 (1.45%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$136,024 is unrestricted.

## Town of Fontana Dam, North Carolina's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 120,000	\$ 59,278	\$ 64,061	\$ 48,812	\$ 184,061	\$ 108,090
Operating grants and contributions	5,887	6,603	-	-	5,887	6,603
Capital grants and contributions	-	-	-	74,052	-	74,052
General revenues:						
Property taxes	12,602	12,310	-	-	12,602	12,310
Grants and contributions not restricted to specific programs	4,900	4,245	-	-	4,900	4,245
Other	1,984	808	-	-	1,984	808
Total revenues	145,373	83,244	64,061	122,864	209,434	206,108
Expenses:						
General government	91,922	88,811	-	-	91,922	88,811
Transportation	5,347	2,495	-	-	5,347	2,495
Environmental protection	30,460	38,659	-	-	30,460	38,659
Water system	-	-	171,033	166,354	171,033	166,354
Total expenses	127,729	129,965	171,033	166,354	298,762	296,319
Increase (decrease) in net position before transfers	17,644	(46,721)	(106,972)	(43,490)	(89,328)	(90,211)
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	17,644	(46,721)	(106,972)	(43,490)	(89,328)	(90,211)
Net position, beginning	936,013	982,734	3,302,853	3,346,343	4,238,866	4,329,077
Net position, ending	\$ 953,657	\$ 936,013	\$ 3,195,881	\$ 3,302,853	\$ 4,149,538	\$ 4,238,866

**Governmental Activities.** Governmental activities increased the Town's net position by \$17,644. Key elements of this increase are as follows:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 91.08%, excluding motor vehicles. The statewide average in the fiscal year 2020 of 98.59% for Municipalities with a populations of 499 and below.
- The \$60,722 increase in charges for services was due to the reopening of the Town's major customer.

**Business-Type Activities.** Business-type activities decreased the Town of Fontana Dam's net position by \$106,972. Key elements of this decrease are as follows:

- Since the upgrade to the Water Treatment Plant was completed in the prior fiscal year, no funds were received from the North Carolina Department of Environmental Quality, resulting in a decrease in capital grants and contributions in the current fiscal year.

### **Financial Analysis of the Town's Funds**

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

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

The general fund is the chief operating fund of the Town of Fontana Dam. At the end of the current fiscal year, the Town of Fontana Dam's fund balance available in the General Fund was \$149,107 while total fund balance reached \$186,542. The Board has determined that the Town should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 120.00% of general fund expenditures, while total fund balance represents 150.13% of the same amount.

At June 30, 2021, the governmental funds of the Town of Fontana Dam reported a combined fund balance of \$186,542 with a net increase in fund balance of \$20,041.

**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.

There were several reasons the Town revised its budget throughout the fiscal year. There were no amendments to the General Fund revenues. Actual revenues exceeded budgeted amounts by \$7,663. Expenditures were held in check overall to comply with its budgetary requirements by spending \$12,378 less than what was budgeted.

**Proprietary Funds.** The Town of Fontana Dam's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water System Fund at the end of the fiscal year amounted to \$7,974. The total change in net position for the Water System Fund was \$(106,972). Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Fontana Dam's business-type activities.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Fontana Dam's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$3,953,299 (net of accumulated depreciation). These assets include furniture, machinery and equipment, vehicles, computers, and construction in progress.

#### **Governmental Activities.**

There were no capital transactions for the governmental activities during the year.

**Business-Type Activities.** The significant additions to capital assets during the fiscal year resulted primarily from the following:

#### **Water System Fund:**

- \$2,995 for a flow meter

**Town of Fontana Dam, North Carolina's Capital Assets**  
**(net of depreciation)**  
**Figure 4**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Capital assets						
Construction in progress	\$ 757,054	\$ 757,054	\$ -	\$ -	\$ 757,054	\$ 757,054
Plant & distribution systems	-	-	3,179,134	3,295,584	3,179,134	3,295,584
Equipment and furniture	7,931	10,746	8,773	8,082	16,704	18,828
Vehicles and motorized equipment	-	439	-	-	-	439
Computers	407	629	-	-	407	629
Total capital assets	\$ 765,392	\$ 768,868	\$ 3,187,907	\$ 3,303,666	\$ 3,953,299	\$ 4,072,534

#### **Construction commitments**

The Town had the following active construction projects as of June 30, 2021:

<b>Project</b>	<b>Spent-to-date</b>	<b>Remaining Commitment</b>
Higher Efficiency Electrical Upgrade Project Fund	\$ 733,390	\$ 6,610
Total	\$ 733,390	\$ 6,610

Additional information on the Town's capital assets can be found in Note III.A.3 of the Basic Financial Statements.

#### **Economic Factors and Next Year's Budgets and Rates**

- As of June 30, 2021, the Town had endured several months of the COVID-19 pandemic. The Town has taken a number of measures to monitor and mitigate the effects of COVID-19. The length or severity of this pandemic cannot be reasonably estimated. In addition, it is not possible to determine the extent to which the pandemic may materially impact the financial position, results of activities, and cash flows of the Town in subsequent years. Therefore, the Board will continue to monitor current market conditions as the pandemic continues and will make further adjustments if considered necessary.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

The Town is taking a conservative approach with the budget for next year because of the uncertainty of future economic factors. Management emphasizes tight spending policies to control discretionary spending in normal economic conditions. These policies will become even more important in 2021-2022.

#### **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:

Zelerie Rogers, Town Administrator/Clerk  
P.O. Box 128, Fontana Dam, NC 28733  
zelerie.rogers@fontanavillage.com  
(828) 498-2107

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## Basic Financial Statements

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**Town of Fontana Dam, North Carolina**  
**Statement of Net Position**  
**For the Year Ended June 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 127,493	\$ 1,553	\$ 129,046	\$ 27,520
Restricted cash and cash equivalents	31,424	1,150	32,574	-
Receivables (net)	28,364	15,181	43,545	-
Due from other governments	-	-	-	24,360
Internal balances	8,760	(8,760)	-	-
Prepaid items	2,034	-	2,034	-
Total current assets	198,075	9,124	207,199	51,880
Non-current assets:				
Capital assets:				
Land and construction in progress	757,054	-	757,054	-
Other capital assets, net of depreciation	8,338	3,187,907	3,196,245	37,391
Total capital assets	765,392	3,187,907	3,953,299	37,391
Total non-current assets	765,392	3,187,907	3,953,299	37,391
Total assets	963,467	3,197,031	4,160,498	89,271
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,200	-	3,200	5,639
Unearned revenue	6,610	-	6,610	-
Payable from restricted assets	-	1,150	1,150	-
Total current liabilities	9,810	1,150	10,960	5,639
Total liabilities	9,810	1,150	10,960	5,639
<b>NET POSITION</b>				
Net investment in capital assets	765,392	3,187,907	3,953,299	37,391
Restricted for:				
Streets	24,814	-	24,814	-
Stabilization by State statute	35,401	-	35,401	24,360
Unrestricted	128,050	7,974	136,024	21,881
Total net position	\$ 953,657	\$ 3,195,881	\$ 4,149,538	\$ 83,632

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Tourism Development Authority
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 91,922	\$ -	\$ -	\$ -	\$ (91,922)	\$ -	\$ (91,922)	
Transportation	5,347	-	5,871	-	524	-	524	
Environmental protection	30,460	120,000	16	-	89,556	-	89,556	
Total governmental activities	127,729	120,000	5,887	-	(1,842)	-	(1,842)	
Business-type activities:								
Water system	171,033	64,061	-	-	-	(106,972)	(106,972)	
Total business-type activities	171,033	64,061	-	-	-	(106,972)	(106,972)	
Total primary government	\$ 298,762	\$ 184,061	\$ 5,887	\$ -	(1,842)	(106,972)	(108,814)	
<b>Component unit:</b>								
Tourism Development Authority	\$ 42,349	\$ -	\$ -	\$ -				\$ (42,349)
Total component unit	\$ 42,349	\$ -	\$ -	\$ -				(42,349)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					12,602	-	12,602	-
Other taxes					-	-	-	57,621
Grants and contributions not restricted to specific programs					4,900	-	4,900	-
Miscellaneous					1,984	-	1,984	-
Total general revenues not including transfers					19,486	-	19,486	57,621
Change in net position					17,644	(106,972)	(89,328)	15,272
Net position, beginning					936,013	3,302,853	4,238,866	68,360
Net position, ending					\$ 953,657	\$ 3,195,881	\$ 4,149,538	\$ 83,632

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

**Town of Fontana Dam, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>Major</b>		
	<b>General Fund</b>	<b>Higher Efficiency Electrical Upgrade Project Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 127,493	\$ -	\$ 127,493
Restricted cash	24,814	6,610	31,424
Receivables, net:			
Taxes	1,610	-	1,610
Accounts	26,641	-	26,641
Due from other funds	8,760	-	8,760
Prepaid items	2,034	-	2,034
Total assets	<u>\$ 191,352</u>	<u>\$ 6,610</u>	<u>\$ 197,962</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 3,200	\$ -	\$ 3,200
Unearned revenue	-	6,610	6,610
Total liabilities	<u>3,200</u>	<u>6,610</u>	<u>9,810</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	1,610	-	1,610
Total deferred inflows of resources	<u>1,610</u>	<u>-</u>	<u>1,610</u>
<b>FUND BALANCE</b>			
Nonspendable			
Prepaid items	2,034	-	2,034
Restricted			
Stabilization by State statute	35,401	-	35,401
Streets	24,814	-	24,814
Assigned			
Assigned for future capital	100,000	-	100,000
Unassigned	24,293	-	24,293
Total fund balance	<u>186,542</u>	<u>-</u>	<u>186,542</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 191,352</u>	<u>\$ 6,610</u>	<u>\$ 197,962</u>

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

**Town of Fontana Dam, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

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

Total Fund Balance, Governmental Funds	\$	186,542
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	833,753		
Accumulated depreciation	<u>(68,361)</u>		765,392

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.

113

Earned revenues considered deferred inflows of resources in fund statements.

1,610

Net position of governmental activities

\$ 953,657

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

**Town of Fontana Dam, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>Major</b>		
	<b>General Fund</b>	<b>Higher Efficiency Electrical Upgrade Project Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Ad valorem taxes	\$ 11,523	\$ -	\$ 11,523
Unrestricted intergovernmental	4,900	-	4,900
Restricted intergovernmental	5,887	-	5,887
Sales and services	120,000	-	120,000
Miscellaneous	1,984	-	1,984
Total revenues	144,294	-	144,294
<b>EXPENDITURES</b>			
Current:			
General government	91,700	-	91,700
Transportation	4,686	-	4,686
Environmental protection	27,867	-	27,867
Total expenditures	124,253	-	124,253
Excess (deficiency) of revenues over expenditures	20,041	-	20,041
Net change in fund balance	20,041	-	20,041
Fund balance, beginning	166,501	-	166,501
Fund balances, ending	\$ 186,542	\$ -	\$ 186,542

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

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

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

Net change in fund balances - total governmental funds	\$	20,041
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation expense for governmental assets	<u>(3,476)</u>	(3,476)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues	<u>1,079</u>	<u>1,079</u>
Total changes in net position of governmental activities	\$	<u><u>17,644</u></u>

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

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

	General Fund			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 7,500	\$ 7,500	\$ 11,523	\$ 4,023
Unrestricted intergovernmental	2,030	2,030	4,900	2,870
Restricted intergovernmental	6,601	6,601	5,887	(714)
Sales and services	120,000	120,000	120,000	-
Miscellaneous	500	500	1,984	1,484
Total revenues	136,631	136,631	144,294	7,663
<b>EXPENDITURES</b>				
Current:				
General government	94,043	92,031	91,700	331
Transportation	6,586	4,686	4,686	-
Environmental protection	47,756	27,897	27,867	30
Contingency	-	12,017	-	12,017
Total expenditures	148,385	136,631	124,253	12,378
Revenues over (under) expenditures	(11,754)	-	20,041	20,041
Fund balance appropriated	11,754	-	-	-
Net change in fund balance	\$ -	\$ -	20,041	\$ 20,041
Fund balance, beginning			166,501	
Fund balance, ending			\$ 186,542	

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

**Town of Fontana Dam, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Major Enterprise Fund</b>
	<b>Water</b>
	<b>System Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,553
Accounts receivable (net) - billed	15,181
Restricted cash and cash equivalents	1,150
Total current assets	<u>17,884</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net of depreciation	<u>3,187,907</u>
Capital assets	<u>3,187,907</u>
Total noncurrent assets	<u>3,187,907</u>
Total assets	<u>3,205,791</u>
<b>LIABILITIES</b>	
Current liabilities:	
Due to other funds	8,760
Liabilities payable from restricted assets:	
Customer deposits	<u>1,150</u>
Total current liabilities	<u>9,910</u>
Total liabilities	<u>9,910</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,187,907
Unrestricted	7,974
Total net position	<u><u>\$ 3,195,881</u></u>

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

**Town of Fontana Dam, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2021**

	<u>Major Enterprise Fund</u>
	<u>Water</u>
	<u>System Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 64,061
Total operating revenues	<u>64,061</u>
<b>OPERATING EXPENSES</b>	
Wastewater	52,279
Depreciation	<u>118,754</u>
Total operating expenses	<u>171,033</u>
Operating income (loss)	<u>(106,972)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>-</u>
Change in net position	(106,972)
Total net position, beginning	<u>3,302,853</u>
Total net position, ending	<u><u>\$ 3,195,881</u></u>

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

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

	<b>Major Enterprise Fund</b>
	<b>Water System Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 75,633
Cash paid for goods and services	(53,494)
Customer deposits received	350
Net cash provided (used) by operating activities	22,489
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Due to other funds	(19,044)
Total cash flows from noncapital financing activities	(19,044)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(2,995)
Net cash provided (used) by capital and related financing activities	(2,995)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	-
Net cash provided (used) by investing activities	-
Net increase (decrease) in cash and cash equivalents	450
Cash and cash equivalents at beginning of year	2,253
Cash and cash equivalents at end of year	\$ 2,703
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (106,972)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	118,754
Provision for uncollectible accounts	(292)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	11,864
Increase (decrease) in accounts payable and accrued liabilities	(1,215)
Increase (decrease) in customer deposits	350
Total adjustments	129,461
Net cash provided by operating activities	\$ 22,489

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

**Town of Fontana Dam, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2021**

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

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**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Fontana Dam and its discretely presented component unit 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 Fontana Dam (the "Town") is a municipal corporation which is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally-separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the financial statements in order to emphasize that it is legally separate from the Town.

**Town of Fontana Dam Tourism Development Authority**

The Authority is composed of five voting members, serving without compensation and appointed by the town council. Quarterly reports are to be made to the town council. The Authority may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel, tourism and conventions for the Town of Fontana Dam. The Authority has the power to approve its own budget, designate its own management, and maintain its own accounting system. The Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Authority may be obtained from the entity's administrative office at Town of Fontana Dam Tourism Development Authority, 11517 Fontana Road, Fontana Dam, NC 28733.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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 solid waste disposal user fees, contributions, and payments in lieu of taxes (PILT monies). The primary expenditures are for solid waste disposal services, street maintenance, and general government services.

**Higher Efficiency Electrical Upgrade Project Fund.** This fund is used to account for the construction of an upgrade to the Town's electrical power grid system.

The Town has no nonmajor governmental funds.

The Town reports the following major enterprise fund:

**Water System Fund.** This fund is used to account for the Town's water operations.

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Higher Efficiency Electrical Upgrade Project Fund and the Water System Capital Project Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Town's financial officer is authorized by the budget ordinance to transfer appropriations within a department. Amendments are required for any revisions that alter total expenditures of any department or any fund. 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 Equity1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning investment 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. 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. The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Cash restricted for special purposes has been segregated from cash available for general operations. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.4. The unexpended grant proceeds that are restricted by revenue source are also classified as restricted cash. Money in the Higher Efficiency Electrical Upgrade Project Fund is classified as restricted assets because its use is restricted to fund the project.

## Town of Fontana Dam Restricted Cash

Governmental Activities	
General Fund	
Streets - Powell Bill funds	\$ 24,814
Higher Efficiency Electrical Upgrade Project Fund	
Unexpended grant proceeds	6,610
Total Governmental Activities	<u>\$ 31,424</u>
Business-type Activities	
Water System Fund	
Customer deposits	\$ 1,150
Total Business-type Activities	<u>\$ 1,150</u>

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life of greater than two years. The Town has established a minimum capitalization cost of \$500 for all newly acquired assets. 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and system	30
Infrastructure	50
Equipment and furniture	5 - 10
Vehicles and motorized equipment	5
Computer equipment	5
Computer software	3
Plant and distribution systems	30
Other improvements	25

Capital assets of the Authority are depreciated over their estimated useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture and fixtures	7
Vehicles	5 - 7
Equipment	5 - 10
Improvements other than buildings	15

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - prepaid taxes and property taxes receivable.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

#### 9. Unearned Revenue

The Town reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the Town and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

#### 10. Compensated Absences

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

The Town's sick leave policy is administered through the vacation policy. All compensated sick leave is considered leave taken against accumulated vacation leave, and is therefore limited to the amount of vacation leave accumulated. Therefore no separate accrual has been recorded.

#### 11. Net Position/Fund Balances

##### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

##### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid items - portion of fund balance that is not an available resource because it represents payments to vendors for costs applicable to future accounting periods, which are not spendable resources.

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

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

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

**Assigned Fund Balance** - portion of fund balance that the Town of Fontana Dam intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Assigned for Future Capital - portion of fund balance that has been budgeted by the Board for future capital expenditures.

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

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

The Town of Fontana Dam has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

## 12. Estimates

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

## II. Stewardship, Compliance, and Accountability

### A. Significant Violations of Finance-Related Legal and Contractual Provisions

#### 1. Noncompliance with North Carolina General Statutes

None Noted.

#### 2. Contractual Violations

None Noted.

### B. Deficit in Fund Balance of Individual Funds not Appropriated in Subsequent Year's Budget Ordinance

None Noted.

### C. Excess of Expenditures over Appropriations

None Noted.

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

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

As the Authority's cash was held under the federal identification number of the Town of Fontana Dam, it is the total amount of funds held under this number that must be considered for purposes of determining the amount covered by federal depository insurance. At June 30, 2021, the Town's deposits, including those of the Authority, had a carrying amount of \$189,140 and a bank balance of \$198,754. All of this combined bank balance was covered by federal depository insurance.

## 2. Receivables

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

	Accounts	Taxes Receivable	Interest Receivable	Total
Governmental Activities:				
General Fund	\$ 26,641	\$ 1,610	\$ 113	\$ 28,364
Total receivables	26,641	1,610	113	28,364
Allowance for doubtful accounts	-	-	-	-
Total - governmental activities	\$ 26,641	\$ 1,610	\$ 113	\$ 28,364
Business-type Activities:				
Water System Fund	\$ 15,956	\$ -	\$ -	\$ 15,956
Total receivables	15,956	-	-	15,956
Allowance for doubtful accounts	775	-	-	775
Total - business-type activities	\$ 15,181	\$ -	\$ -	\$ 15,181

As of the date of the report, 92.93% of the governmental activities receivables and 93.17% of the business-type activities receivables have been collected.

## 3. Capital Assets

### Primary Government

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Government Activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 757,054	\$ -	\$ -	\$ -	\$ 757,054
Total capital assets not being depreciated	757,054	-	-	-	757,054
Capital assets being depreciated:					
Equipment and furniture	33,810	-	-	-	33,810
Vehicles and motorized equipment	40,378	-	-	-	40,378
Computer equipment	2,511	-	-	-	2,511
Total capital assets being depreciated	76,699	-	-	-	76,699
Less accumulated depreciation for:					
Equipment and furniture	23,064	2,815	-	-	25,879
Vehicles and motorized equipment	39,939	439	-	-	40,378
Computer equipment	1,882	222	-	-	2,104
Total accumulated depreciation	64,885	3,476	-	-	68,361
Total capital assets being depreciated, net	11,814				8,338
Governmental activity capital assets, net	\$ 768,868				\$ 765,392

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

General government	\$ 222
Transportation	661
Environmental protection	2,593
Total depreciation expense	\$ 3,476

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
<i>Water System Fund</i>					
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-	-
Capital assets being depreciated:					
Plant and distribution systems	3,493,512	-	-	-	3,493,512
Equipment and furniture	12,393	2,995	-	-	15,388
Total capital assets being depreciated	3,505,905	2,995	-	-	3,508,900
Less accumulated depreciation for:					
Plants and distribution systems	197,928	116,450	-	-	314,378
Equipment and furniture	4,311	2,304	-	-	6,615
Total accumulated depreciation	202,239	118,754	-	-	320,993
Total capital assets being depreciated, net	3,303,666				3,187,907
Water System Fund capital assets, net	3,303,666				3,187,907
Business-type activities capital assets, net	\$ 3,303,666				\$ 3,187,907

**Construction commitments**

The Town had the following active construction projects as of June 30, 2021:

Project	Spent-to-date	Remaining Commitment
Higher Efficiency Electrical Upgrade Project Fund	\$ 733,390	\$ 6,610
Total	\$ 733,390	\$ 6,610

**Discretely presented component units**

Activity for the Tourism Development Authority for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Tourism Development Authority				
Capital assets being depreciated:				
Improvements other than	\$ 43,831	\$ -	\$ -	\$ 43,831
Equipment	24,471	-	-	24,471
Total capital assets being depreciated	68,302	-	-	68,302
Less accumulated depreciation for:				
Improvements other than	8,760	2,922	-	11,682
Equipment	15,556	3,673	-	19,229
Total accumulated depreciation	24,316	6,595	-	30,911
Authority capital assets, net	\$ 43,986			\$ 37,391

**B. Liabilities****1. Payables**

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

	Vendors	Other	Total
Governmental activities:			
General Fund	\$ 3,200	\$ -	\$ 3,200
Total governmental activities	\$ 3,200	\$ -	\$ 3,200
Business-type activities:			
Water system	\$ -	\$ 1,150	\$ 1,150
Total business-type activities	\$ -	\$ 1,150	\$ 1,150

2. Pension Plan and Postemployment Obligations

The Town of Fontana Dam is not a participating unit of the Local Government Employees' Retirement System administered by the State of North Carolina.

3. Other Employment Benefits

The Town of Fontana Dam has no current plans qualifying as Other Post-Employment Benefit plans in place at year end.

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Taxes receivable (General Fund), less penalties	\$ 1,610
Total	<u>\$ 1,610</u>

5. Unearned Revenue

Unearned Revenues at year-end is comprised of the following:

	Grant Revenue	Total
Governmental activities:		
Higher Efficiency Electrical Upgrade Project Fund	\$ 6,610	\$ 6,610
Total governmental activities	<u>\$ 6,610</u>	<u>\$ 6,610</u>

6. 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 two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains property coverage equal to the replacement cost of owned property subject to a total insured value of \$3,428,700, with sub-limits on coverage for specified perils; general liability and auto liability coverage of \$1 million per occurrence; and workers' compensation coverage up to statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town does not hold any flood insurance due to not being located in a flood plain.

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 tax collector are each individually bonded for \$50,000 and \$10,000, respectively.

In accordance with G.S. 159-29, the finance officer of Fontana Tourism Development Authority is performance bonded through a commercial surety bond for \$50,000. The bond is a separate individual bond to protect the TDA and that names the TDA as obligee or beneficiary of the bond. This bond is in addition to the bond on the finance officer that names the Town as obligee.

7. Contingent Liabilities

At June 30, 2021, the Town did not appear to be involved in any legal matters which would have a material adverse effect on the Town's financial position.

C. Interfund Balances and Activity

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

Due to the General Fund from:

Water System Fund for working capital, to be repaid in the subsequent year	\$ 8,760
Total	<u>\$ 8,760</u>

\$19,044 of the prior year balance due to the General Fund from the Water System Fund was repaid in the current fiscal year. The remaining balance will be repaid in the next fiscal year.

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided by matching funds for various grant programs.

There were no interfund transfers for the fiscal year ended June 30, 2021.

**D. Net Investment in Capital Assets**

	Governmental	Business-type
Capital assets	\$ 765,392	\$ 3,187,907
Less: long-term debt	-	-
Net investment in capital assets	<u>\$ 765,392</u>	<u>\$ 3,187,907</u>

**E. Fund Balance**

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

<b>Total fund balance - General Fund</b>	<b>\$ 186,542</b>
Less:	
Stabilization by State statute	35,401
Streets	24,814
Assigned for future capital	100,000
Working Capital/Fund Balance Policy	13,663
Remaining Fund Balance	<u>10,630</u>

The Town of Fontana Dam has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Nonmajor Funds
\$	-	\$ -

**IV. Related Organization**

The Town of Fontana Dam Electric Power Board was created June 18, 2015, under the authority of Article 16 of Chapter 160A of the General Statutes. The Power Board consists of five members, who are appointed by the Town Council of the Town of Fontana Dam. The Town is accountable for the Power Board because it appoints the governing board, however, the Town is not financially accountable for the Power Board.

**V. 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 monies 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 monies.

**VI. New Pronouncements*****Pronouncements effective for the 2021 Financial Statements:***

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. This new standard aims to provide consistency in the reporting of majority equity interests and improve the relevance of information related to certain component units.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR). The London Interbank Offered Rate (LIBOR) is the most often used. As a result of global reference rate reform, LIBOR is expected to no longer exist after December 31, 2021. This will cause governments to amend or replace financial instruments to replace LIBOR with other reference rates by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

***Pronouncements issued, but not yet effective, which will be adopted by the Town in future years. As of the date of this report, the Town has not determined the financial impact of implementing the following Statements:***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The effective date of this Statement has been postponed for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The effective date of this Statement has been postponed for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The effective date of this Statement has been postponed for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement are effective as follows:

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

## **VII. Significant Effects of Subsequent Events**

The Town has evaluated events and transactions that occurred between June 30, 2021 and November 29, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

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## Individual Fund Statements and Schedules

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## Major Governmental Funds

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**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 solid waste disposal user fees, contributions, and payments in lieu of taxes (PILT monies). The primary expenditures are for solid waste disposal services, street maintenance, and general government services.

***Capital Project Funds:***

**Higher Efficiency Electrical Upgrade Project Fund.** This fund is used to account for the construction of an upgrade to the Town's electrical power grid system. This project is funded by a grant from the TVA Settlement funds distributed by the North Carolina Department of Agriculture and Consumer Services.

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

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes - current year		\$ 11,523	
Total	\$ 7,500	11,523	\$ 4,023
Unrestricted intergovernmental:			
Local option sales taxes		4,253	
Payments in lieu of taxes-outside sources		91	
Utility franchise tax		556	
Total	2,030	4,900	2,870
Restricted intergovernmental:			
Powell Bill allocation		5,871	
Solid waste disposal tax		16	
Total	6,601	5,887	(714)
Sales and services:			
Sanitation fees		120,000	
Total	120,000	120,000	-
Miscellaneous:			
Miscellaneous		1,984	
Total	500	1,984	1,484
Total revenues	136,631	144,294	7,663
<b>EXPENDITURES</b>			
Administration:			
Salaries and employee benefits		55,187	
Other operating expenditures		15,960	
Membership dues		1,312	
Professional services		16,698	
Total		89,157	
General maintenance:			
Salaries and employee benefits		634	
Maintenance		445	
Other operating expenditures		1,464	
Total		2,543	
Total general government	92,031	91,700	331
Transportation:			
Streets and highways:			
Maintenance		4,686	
Total transportation	4,686	4,686	-

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Environmental protection:			
Solid waste:			
Salaries and employee benefits		23,602	
Vehicle maintenance		4,188	
Other operating expenditures		77	
Total environmental protection	<u>27,897</u>	<u>27,867</u>	<u>30</u>
Contingency	<u>12,017</u>	-	<u>12,017</u>
Total expenditures	<u>136,631</u>	<u>124,253</u>	<u>12,378</u>
Revenues over (under) expenditures	<u>-</u>	<u>20,041</u>	<u>20,041</u>
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>20,041</u>	<u>\$ 20,041</u>
Fund balance, beginning		<u>166,501</u>	
Fund balances, ending		<u>\$ 186,542</u>	

**Town of Fontana Dam, North Carolina**  
**Higher Efficiency Electrical Upgrade Project Fund**  
**Schedules of Revenues and Expenditures, and Changes in Fund Balance - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2021**

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental:					
State grant	\$ 740,000	\$ 733,390	\$ -	\$ 733,390	\$ (6,610)
Total revenues	740,000	733,390	-	733,390	(6,610)
<b>EXPENDITURES</b>					
Economic and physical development:					
Capital outlay:					
Administration	46,330	46,330	-	46,330	-
Electric power grid system improvements	693,670	687,060	-	687,060	6,610
Total expenditures	740,000	733,390	-	733,390	6,610
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

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## Proprietary Funds

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Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund.

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

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

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>REVENUES</b>			
Operating revenues:			
Water and sewer charges		\$ 64,061	
Total operating revenues	<u>\$ 90,784</u>	<u>64,061</u>	<u>\$ (26,723)</u>
<b>EXPENDITURES</b>			
Wastewater			
Contracted services		7,321	
Utilities		1,241	
Maintenance		10,370	
Capital outlay		2,995	
Other operating expenditures		33,347	
Total wastewater	<u>90,784</u>	<u>55,274</u>	<u>35,510</u>
Total expenditures	<u>90,784</u>	<u>55,274</u>	<u>35,510</u>
Revenues over expenditures	<u>-</u>	<u>8,787</u>	<u>8,787</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 8,787</u>	<u>\$ 8,787</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 8,787	
Reconciling items:			
Capital outlay		2,995	
Depreciation		<u>(118,754)</u>	
Total reconciling items		<u>(115,759)</u>	
Change in net position		<u>\$ (106,972)</u>	

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## Other Schedules

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This section contains additional information on property taxes.

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

**Town of Fontana Dam, 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	\$ -	\$ 12,550	\$ 11,523	\$ 1,027
2019-2020	282	-	-	282
2018-2019	301	-	-	301
2017-2018	-	-	-	-
2016-2017	-	-	-	-
2015-2016	-	-	-	-
2014-2015	-	-	-	-
2013-2014	-	-	-	-
2012-2013	-	-	-	-
2011-2012	-	-	-	-
	<u>\$ 583</u>	<u>\$ 12,550</u>	<u>\$ 11,523</u>	<u>1,610</u>
Less: allowance for uncollectible accounts General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 1,610</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				
Taxes collected				\$ 11,523
Reconciling items:				
Taxes written off and prior year taxes released				-
Discounts allowed				-
Other adjustments				-
Subtotal				<u>-</u>
Total collections and credits				<u>\$ 11,523</u>

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

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 2,265,343	0.554	\$ 12,550	\$ 11,516	\$ 1,034
Total	2,265,343		12,550	11,516	1,034
Discoveries:					
Current year taxes	-	0.554	-	-	-
	-		-	-	-
Abatements	-	0.554	-	-	-
Total property valuation	<u>\$ 2,265,343</u>				
Net levy			12,550	11,516	1,034
Uncollected taxes at June 30, 2021			<u>1,027</u>	<u>1,027</u>	<u>-</u>
Current year's taxes collected			<u>\$ 11,523</u>	<u>\$ 10,489</u>	<u>\$ 1,034</u>
Current levy collection percentage			<u>91.82%</u>	<u>91.08%</u>	<u>100.00%</u>