

TOWN OF GLEN ALPINE, NORTH CAROLINA

Financial Statements, Management's Discussion and Analysis,
Supplemental Schedules and Independent Auditors' Report
For the Year Ended June 30, 2021

REVIEWED

By SLGFD at 10:51 am, Oct 27, 2021

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

TOWN OF GLEN ALPINE, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

June 30, 2021

Mayor & Board of Aldermen

Mayor	Robert Benfield
Aldermen	Gary Meise Sheila Perkins Tim Suttles Tommy Helms Rodney Cox

Town Administration

Town Attorney	Robert Denton
Town Clerk	Melissa Lalonde
Police Chief	Rodney Cox
Fire Chief	Adam Marlowe
Public Works Director	Nick Adams

(THIS PAGE LEFT BLANK INTENTIONALLY)

TOWN OF GLEN ALPINE, NORTH CAROLINA

Table of Contents June 30, 2021

<u>Exhibit</u>		<u>Page(s)</u>
	Financial Section:	
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-10
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
1	Statement of Net Position	11
2	Statement of Activities	12
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	13
4	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
5	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
7	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	17
8	Statement of Net Position - Proprietary Fund	18
9	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	19
10	Statement of Cash Flows - Proprietary Fund	20
	Notes to the Financial Statements	21-45
	Required Supplementary Financial Data:	
	Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	46
	Schedule of Contributions - Local Government Employees' Retirement System	47

TOWN OF GLEN ALPINE, NORTH CAROLINA

Table of Contents June 30, 2021

	<u>Page(s)</u>
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	48
Schedule of Total Pension Liability as a Percentage of Covered Payroll	49

Schedule

Individual Fund Statements and Schedules:

Governmental Activities:

1	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	50-55
---	---	-------

Business-type Activities:

2	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Wastewater Fund	56
3	Schedule of Revenues and Expenditures - Budget and Actual - Wastewater Construction Capital Reserve Fund	57

Other Schedules:

4	Schedule of Ad Valorem Taxes Receivable	58
5	Analysis of Current Tax Levy	59

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 N. Sterling Street
Morganton, North Carolina 28655
Phone: (828) 433-1226
Fax: (828) 433-1230

Independent Auditors' Report

To the Honorable Mayor and
Members of the Board of Aldermen
Town of Glen Alpine, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glen Alpine, 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 from material misstatement.

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Glen Alpine, 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, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 3-10, and 46-49, respectively, 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 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 Town of Glen Alpine, North Carolina's basic financial statements. The individual fund financial 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 financial 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, the budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lowmick Church & Co., L.L.P.

Morganton, North Carolina
October 6, 2021

Management's Discussion and Analysis

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

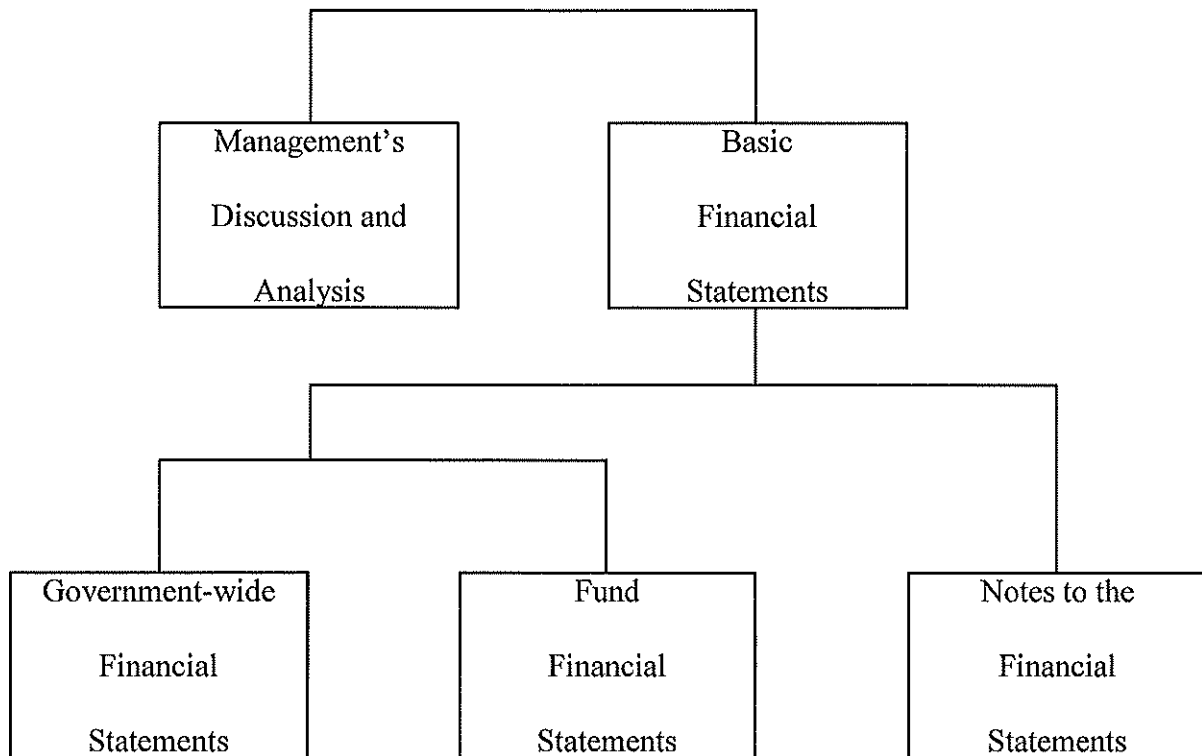
Financial Highlights

- The assets and deferred outflows of resources of the Town of Glen Alpine exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,040,969 (net position).
- The government's total net position increased by \$87,331 due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Glen Alpine's governmental funds reported combined ending fund balances of \$1,151,914, with a net change of \$199,007 in fund balance. Approximately 14.5 percent of this total amount, or \$167,105 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$837,543 or 100.78 percent of the 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 Glen Alpine'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 Glen Alpine.

Required Components of Annual Financial Report
Figure 1



Summary----- Detail

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 of Glen Alpine's financial status.

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town of Glen Alpine, North Carolina's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, 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 wastewater services offered by the Town of Glen Alpine, North Carolina.

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Glen Alpine, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Glen Alpine can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Glen Alpine 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 - The Town of Glen Alpine has one proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Glen Alpine uses enterprise funds to account for its wastewater activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Glen Alpine's progress in funding its obligation to provide pension benefits to its employees and also presents individual fund statements and schedules presented immediately following the notes. The required supplementary information and individual fund statements and schedules can be found beginning on page 46 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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Glen Alpine's Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$1,187,225	\$ 982,783	\$ 94,809	\$ 95,291	\$1,282,034	\$1,078,074
Capital assets	545,790	565,987	1,381,228	1,453,011	1,927,018	2,018,998
Deferred outflows of resources	102,277	100,093	-	-	102,277	100,093
Total assets and deferred outflows of resources	<u>1,835,292</u>	<u>1,648,863</u>	<u>1,476,037</u>	<u>1,548,302</u>	<u>3,311,329</u>	<u>3,197,164</u>
Long-term liabilities outstanding	194,618	216,951	-	-	194,618	216,951
Other liabilities	31,225	23,872	-	425	31,225	24,296
Deferred inflows of resources	44,518	2,279	-	-	44,518	2,279
Total liabilities and deferred inflows of resources	<u>270,361</u>	<u>243,102</u>	<u>-</u>	<u>425</u>	<u>270,361</u>	<u>243,526</u>
Net position:						
Net investment in capital assets	545,790	565,987	1,381,228	1,453,011	1,927,018	2,018,998
Restricted	167,105	138,571	-	-	167,105	138,571
Unrestricted	852,035	701,203	94,809	94,866	946,844	796,069
Total net position	<u>\$1,564,931</u>	<u>\$1,405,761</u>	<u>\$1,476,037</u>	<u>\$1,547,877</u>	<u>\$3,040,969</u>	<u>\$2,953,638</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Glen Alpine exceeded liabilities and deferred inflows by \$3,040,969 as of June 30, 2021. The Town's net position increased by \$87,331 for the fiscal year ended June 30, 2021. However, the largest portion (63.37%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Glen Alpine uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Glen Alpine's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Glen Alpine's net position, \$167,105, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$946,844 is unrestricted.

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

- Slight increase in ad valorem tax revenue.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.08%, which is comparable to the statewide average for units without electrical systems, of 99.04%.
- Increase in local option sales tax revenue and an increase in grant income.
- Overall revenues increased.
- Increase in overall expenditures, mainly due to an increase in salary and benefits and capital outlay.

Town of Glen Alpine
Changes in Net Position

Figure 3

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business- Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 42,862	\$ 12,999	\$ 55,861	\$ 32,534	\$ 11,711	\$ 44,245
Operating grants and contributions	84,961	-	84,961	43,725	-	43,725
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	328,321	-	328,321	326,572	-	326,572
Other taxes	555,105	-	555,105	490,649	-	490,649
Other	16,862	-	16,862	1,249	-	1,249
Total revenues	<u>1,028,111</u>	<u>12,999</u>	<u>1,041,110</u>	<u>894,729</u>	<u>11,711</u>	<u>906,440</u>
Expenses:						
General government	197,136	-	197,136	212,567	-	212,567
Public safety	411,520	-	411,520	431,252	-	431,252
Cultural and recreational	200	-	200	200	-	200
Public works	257,585	-	257,585	281,781	-	281,781
Interest on long-term debt	-	-	-	-	-	-
Wastewater	-	87,340	87,340	-	85,298	85,298
Total expenses	<u>866,441</u>	<u>87,340</u>	<u>953,781</u>	<u>925,800</u>	<u>85,298</u>	<u>1,011,098</u>
Increase (decrease) in net position before transfers	161,670	(74,340)	87,330	(31,070)	(73,586)	(104,656)
Transfers	(2,500)	2,500	-	(2,500)	2,500	-
Increase (decrease) in net position	<u>\$ 159,170</u>	<u>\$ (71,840)</u>	<u>\$ 87,330</u>	<u>\$ (33,570)</u>	<u>\$ (71,086)</u>	<u>\$ (104,656)</u>
Net position, July 1,	\$1,405,761	\$ 1,547,877	\$2,953,638	\$1,439,332	\$1,618,963	\$3,058,295
Increase (decrease) in net position	<u>159,170</u>	<u>(71,840)</u>	<u>87,330</u>	<u>(33,570)</u>	<u>(71,086)</u>	<u>(104,656)</u>
Net position - June 30	<u>\$1,564,931</u>	<u>\$ 1,476,037</u>	<u>\$3,040,969</u>	<u>\$1,405,761</u>	<u>\$1,547,877</u>	<u>\$2,953,638</u>

Governmental activities: Governmental activities increased the Town's net position by \$159,170. Key elements of this increase are as follows:

- Property taxes increased.
- Other taxes and operating grants increased.
- Overall revenues increased.
- Expenditures in all departments decreased.

Business-type activities: Business-type activities decreased the Town of Glen Alpine's net position by \$71,840. Key elements for this decrease are as follows:

- Charge for services increased slightly.
- Depreciation expense of \$71,782.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Glen Alpine. At the end of the current fiscal year, the Town of Glen Alpine's fund balance available in the General Fund was \$1,054,296, while the total fund balance reached \$1,151,914. The Town currently has an available fund balance of 126.87 percent of General Fund expenditures, while total fund balance represents 138.61 percent of that same amount.

At June 30, 2021, the governmental funds of the Town of Glen Alpine reported a combined fund balance of \$1,151,914, with a net increase in fund balance of \$199,007. Included in this change in fund balance is an increase in the fund balance of the General Fund.

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 year. The overall budget changed during the year due to the receipt of COVID-19 Grant Funds and the purchase of fixed assets. Amendments were also made to move line items between and within departments.

Proprietary Funds. The Town of Glen Alpine's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Wastewater Fund at the end of the fiscal year amounted to \$94,809. The total change in net position for this fund was a decrease of \$71,840. The change in net position in the Wastewater Fund is a result of depreciation expense.

Capital Asset and Debt Administration

Capital assets. The Town of Glen Alpine's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$1,927,019 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Vehicle purchase of \$39,041 and a down payment of \$15,000 on a fire truck.
- A vehicle was donated to another governmental agency.

Town of Glen Alpine's Capital Assets (Net of Depreciation)						
	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$149,196	\$ -	\$ 149,196	\$149,196	\$ -	\$ 149,196
Construction in progress	15,000	-	15,000	-	-	-
Buildings and improvements	51,859	-	51,859	56,701	-	56,701
Distribution systems	-	1,381,228	1,381,228	-	1,453,011	1,453,011
Furniture and equipment	93,923	-	93,923	119,965	-	119,965
Infrastructure	161,100	-	161,100	166,800	-	166,800
Vehicles	59,796	-	59,796	57,053	-	57,053
Other improvements	<u>14,916</u>	<u>-</u>	<u>14,916</u>	<u>16,272</u>	<u>-</u>	<u>16,272</u>
Total	<u>\$545,790</u>	<u>\$1,381,228</u>	<u>\$1,927,019</u>	<u>\$565,987</u>	<u>\$1,453,011</u>	<u>\$2,018,998</u>

Additional information on the Town's capital assets can be found in Note I.E.6 and III.A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the Town of Glen Alpine had total loans outstanding of \$-0-.

Town of Glen Alpine's Outstanding Debt

	Outstanding Liabilities					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Loans payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated absences	15,561	12,654	-	-	15,561	12,654
Pension related debt (LERS)	113,635	146,104	-	-	113,635	146,104
Pension related debt (LEO)	<u>65,422</u>	<u>58,193</u>	<u>-</u>	<u>-</u>	<u>65,422</u>	<u>58,193</u>
Total	<u>\$194,618</u>	<u>\$216,951</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$194,618</u>	<u>\$216,951</u>

The Town of Glen Alpine's total debt decreased by \$22,333, 10.29%, during the past fiscal year due to changes in pension related debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Glen Alpine is \$7,572,734.

Additional information regarding Town of Glen Alpine's long-term debt can be found in Note III.B.5, beginning on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic condition of the Town:

- Burke County, which includes the Town of Glen Alpine, has an unemployment rate of 4.6%. This is slightly below the State average of 4.9%.
- Revenues are expected to remain stable.
- Several new offices are planned to open.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Property taxes are expected to decline, as the property tax rate will decrease to .34 per \$100. Revenues are expected to remain stable as State revenues are anticipated to be comparable to the current year. The Town does anticipate additional funding from the American Recovery Act. A salary increase is proposed for all employees, and they will receive an additional one week's pay at Christmas. An appropriation of fund balance will be utilized to meet the projected shortfall in revenues. All departments, except administration, anticipate an increase in expenditures. The increase is due to the increased cost of supplies, purchase of capital outlay, debt service payments and an increase of salaries and benefits.

Budgeted expenditures in the General Fund are expected to increase approximately 13.27% to \$1,008,367. The Town has made efforts to maintain or decrease costs for various operating expenses.

Business-type Activities: The wastewater rates in the Town will increase from \$6 to \$7 a month. General operating expenses are expected to remain stable.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Town Clerk, Town of Glen Alpine, P. O. Box 898, Glen Alpine, N. C. 28628. You can also call 828-584-2622 or send an email to mlalonde@townofglenalpine.org.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements present a condensed overview of the financial position and results of operations of the Town as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Exhibit 1**Statement of Net Position
June 30, 2021**

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 1,016,033	\$ 88,101	\$ 1,104,133
Taxes receivable - net	4,086	-	4,086
Accounts receivable	90,931	-	90,931
Due from governmental agency	6,688	6,708	13,396
Restricted cash and cash equivalents	69,488	-	69,488
Total current assets	<u>1,187,225</u>	<u>94,809</u>	<u>1,282,033</u>
Capital assets:			
Land, non-depreciable assets and construction in progress	164,196	-	164,196
Other capital assets, net of depreciation	381,595	1,381,228	1,762,823
Total capital assets	<u>545,790</u>	<u>1,381,228</u>	<u>1,927,019</u>
Total assets	<u>1,733,015</u>	<u>1,476,037</u>	<u>3,209,052</u>
<u>Deferred Outflows of Resources</u>			
Pension deferrals	<u>102,277</u>	<u>-</u>	<u>102,277</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and other current liabilities	31,225	-	31,225
Current portion of long-term liabilities	15,561	-	15,561
	<u>46,786</u>	<u>-</u>	<u>46,786</u>
Long-term liabilities			
Net pension liability	113,635	-	113,635
Total pension liability	<u>65,422</u>	<u>-</u>	<u>65,422</u>
Total liabilities	<u>225,843</u>	<u>-</u>	<u>225,843</u>
<u>Deferred Inflows of Resources</u>			
Pension deferrals	<u>44,518</u>	<u>-</u>	<u>44,518</u>
<u>Net Position</u>			
Net investment in capital assets	545,790	1,381,228	1,927,019
Restricted for:			
Stabilization by State Statute	97,618	-	97,618
Streets	66,189	-	66,189
Public Safety	3,298	-	3,298
Unrestricted	<u>852,035</u>	<u>94,809</u>	<u>946,843</u>
Total net position	<u>\$ 1,564,931</u>	<u>\$ 1,476,037</u>	<u>\$ 3,040,969</u>

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Exhibit 2

**Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 197,136	\$ 480	\$ -	\$ -	\$ (196,656)	\$ -	\$ (196,656)
Public safety	411,520	42,382	43,480	-	(325,658)	-	(325,658)
Cultural and recreational	200	-	-	-	(200)	-	(200)
Public works	257,585	-	41,481	-	(216,104)	-	(216,104)
Total governmental activities	866,441	42,862	84,961	-	(738,619)	-	(738,619)
Business-type activities:							
Wastewater	87,340	12,999	-	-	-	(74,340)	(74,340)
Total	\$ 953,781	\$ 55,861	\$ 84,961	\$ -	(738,619)	(74,340)	(812,959)
General revenues:							
Taxes:							
Property taxes					328,321	-	328,321
Local option sales tax					486,962	-	486,962
Other taxes and licenses					68,143	-	68,143
Unrestricted investment earnings					2	1	2
Miscellaneous					16,860	-	16,860
Transfers					(2,500)	2,500	-
Total general revenues, special items and transfers					897,788	2,501	900,289
Change in net position					\$ 159,170	\$ (71,840)	\$ 87,331
Net position - beginning					\$ 1,405,761	\$ 1,547,877	\$ 2,953,638
Change in net position					159,170	(71,840)	87,331
Net position - ending					\$ 1,564,931	\$ 1,476,037	\$ 3,040,969

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 3****Balance Sheet
Governmental Funds
June 30, 2021**

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,016,033
Taxes receivables (net)	4,086
Accounts receivable	90,931
Due from governmental agency	6,688
Restricted cash and cash equivalents	<u>69,488</u>
Total assets	<u><u>\$ 1,187,225</u></u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 31,225</u>
Deferred inflows of resources:	
Property taxes receivable	<u>4,086</u>
Fund balances:	
Restricted for:	
Stabilization by State Statute	97,618
Streets	66,189
Public safety	3,298
Assigned:	
Subsequent year's expenditures	147,265
Unassigned	<u>837,543</u>
Total fund balances	<u>1,151,914</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,187,225</u></u>

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 4****Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2021**

Total governmental funds balances	\$ 1,151,914
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	545,790
Deferred outflows of resources related to pension are not reported in the funds	102,277
Liabilities for earned revenues considered deferred inflows of resources in fund statements. Property taxes receivable	4,086
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.	
Compensated absences	(15,561)
Net pension liability	(113,635)
Total pension liability	(65,422)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(44,518)</u>
Net position of governmental activities	<u>\$ 1,564,931</u>

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 5****Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021**

**Total
Governmental
Funds****Revenues:**

Ad valorem taxes	\$ 330,239
Other taxes and licenses	29,044
Unrestricted intergovernmental	555,106
Restricted intergovernmental	84,961
Permits and fees	480
Investment earnings	2
Miscellaneous	30,198
Total revenues	<u>1,030,029</u>

Expenditures:

General government	190,186
Public safety	395,484
Public works	<u>242,852</u>
Total expenditures	<u>828,523</u>

Revenues over (under) expenditures	<u>201,507</u>
------------------------------------	----------------

Other Financing Sources (Uses):

Operating transfers in (out)	<u>(2,500)</u>
Total other financing sources (uses)	<u>(2,500)</u>

Net change in fund balances	199,007
-----------------------------	---------

Fund balances - beginning	<u>952,907</u>
Fund balances - ending	<u>\$ 1,151,914</u>

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 6****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**

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

Net changes in fund balances - total governmental funds	\$ 199,007
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.	
Capital outlay	54,041
Depreciation expense	(74,237)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	26,544
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	(1,918)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(41,359)
Compensated absences	<u>(2,907)</u>
Total changes in net position of governmental activities	<u>\$ 159,170</u>

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 7**

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

	General Fund			Variance with
	Original	Final	Actual	Final Budget -
			Amounts	Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 319,405	\$ 319,405	\$ 330,239	\$ 10,834
Other taxes and licenses	21,848	21,848	29,044	7,196
Unrestricted intergovernmental	435,751	435,751	555,106	119,355
Restricted governmental	44,000	87,340	84,961	(2,379)
Permits and fees	150	150	480	330
Investment earnings	30	30	2	(28)
Miscellaneous	5,300	5,300	30,198	24,898
Total revenues	<u>826,484</u>	<u>869,824</u>	<u>1,030,029</u>	<u>160,205</u>
Expenditures:				
General government	263,976	196,159	190,186	5,973
Public safety	365,288	436,556	395,484	41,071
Public works	261,020	283,409	242,852	40,557
Debt service	-	15,000	-	15,000
Total expenditures	<u>890,284</u>	<u>931,124</u>	<u>828,523</u>	<u>102,601</u>
Revenues over (under) expenditures	<u>(63,800)</u>	<u>(61,300)</u>	<u>201,507</u>	<u>262,807</u>
Other Financing Sources (Uses):				
Fund balance appropriated	63,800	63,800	-	(63,800)
Transfers from (to) other funds	-	(2,500)	(2,500)	-
Total other financing sources (uses)	<u>63,800</u>	<u>61,300</u>	<u>(2,500)</u>	<u>(63,800)</u>
Revenues and other financing sources over (under)				
expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	199,007	<u>\$ 199,007</u>
Fund balance - beginning of year			<u>952,907</u>	
Fund balance - end of year			<u>\$ 1,151,914</u>	

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 8****Statement of Net Position
Proprietary Fund
June 30, 2021**

Assets

Current assets:

Cash	\$ 88,101
Accounts receivable	<u>6,708</u>

Total current assets	94,809
----------------------	--------

Capital assets:

Other capital assets, net of depreciation	<u>1,381,228</u>
---	------------------

Total assets	<u><u>\$1,476,037</u></u>
--------------	---------------------------

Liabilities

Current liabilities:

Accounts payable and other accrued liabilities	<u>\$ -</u>
--	-------------

Net Position

Net investment in capital assets	1,381,228
----------------------------------	-----------

Unrestricted	<u>94,809</u>
--------------	---------------

Total net position	<u><u>\$1,476,037</u></u>
--------------------	---------------------------

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

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 9****Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2021**

Operating Revenues:Charges for services \$ 12,999Total operating revenues 12,999**Operating Expenses:**Utilities 15,557Depreciation 71,782Total operating expenses 87,340Operating income (loss) (74,340)**Nonoperating Revenues (Expenses):**Investment earnings 1Income (loss) before transfers (74,340)Transfer from the General Fund 2,500Change in net position (71,840)Total net position - beginning 1,547,877Total net position - ending \$1,476,037*The accompanying notes are an integral part of the financial statements.*

TOWN OF GLEN ALPINE, NORTH CAROLINA**Exhibit 10****Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021**

Cash Flows From Operating Activities:

Cash received from customers	\$ 12,071
Cash paid for goods and services	<u>(15,982)</u>

Net cash provided by (used in) operating activities	(3,911)
---	---------

Cash Flows From Capital and Related Financing Activities:

Transfer from other funds	2,500
---------------------------	-------

Cash Flows From Investing Activities:

Interest on investments	<u>1</u>
-------------------------	----------

Net increase (decrease) in cash and cash equivalents	(1,410)
--	---------

Balances - beginning of year	<u>89,511</u>
------------------------------	---------------

Balances - end of year	<u><u>\$ 88,101</u></u>
------------------------	-------------------------

Reconciliation of operating income (loss) to net cash provided by (used in)
operating activities:

Operating income (loss)	\$ (74,340)
-------------------------	-------------

Adjustments to reconcile operating income (loss) to net cash
provided by (used in) operating activities:

Depreciation	71,782
--------------	--------

Change in assets and liabilities:

(Increase) decrease in accounts receivable	(928)
--	-------

Increase (decrease) in accounts payable and accrued liabilities	<u>(426)</u>
---	--------------

Net cash provided by (used in) operating activities	<u><u>\$ (3,911)</u></u>
---	--------------------------

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

NOTES TO THE FINANCIAL STATEMENTS

(THIS PAGE LEFT BLANK INTENTIONALLY)

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Glen Alpine 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 Glen Alpine is a municipal corporation governed by an elected mayor and a five member council.

B. Basis of Presentation

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

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

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

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.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

Wastewater Fund - This fund is used to account for the Town's wastewater operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Enterprise Capital Reserve Fund. The Enterprise Capital Reserve Fund is consolidated with its 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board, and the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

Powell Bill Funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Federal Asset Seizure Funds are also classified as restricted cash because their use is restricted by revenue source for narcotics enforcement.

Town of Glen Alpine Restricted Cash

Governmental Activities	
General Fund	
Streets	\$66,189
Public Safety	<u>3,298</u>
Total governmental activities	69,488
Business-type Activities	
Wastewater Fund	<u>-</u>
Total restricted cash	<u>\$69,488</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

4. Ad Valorem Taxes Receivable

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

5. Allowance for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired after July 1, 2003 consist of the road network and water and sewer system assets and are reported at cost. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend the 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>Years</u>
Infrastructure	50
Buildings and improvements	50
Distribution systems	40
Vehicles	10
Furniture and equipment	10
Computer equipment	3

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 one item that meets this criterion, pension deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized until then. The Town has two items that meet the criterion for this category - property taxes receivable and pension deferrals.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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 discounts. 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. Compensated Absences

The vacation policy of the Town provides for two weeks vacation leave per year. The vacation policy provides for a maximum of 240 hours to be carried from one year to the next. Any employee with more than 240 hours of accumulated leave during the last pay period of each calendar year shall have the excess accumulation removed so that only 240 hours are carried forward to the first pay period of the next calendar year. All excess vacation hours over 240 will be converted to the employee's sick leave account. 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 provides for one day per month sick leave and may be accumulated with no limit. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State Statute - 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 non-spendable. 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 - the Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill Funds.

Restricted for Public Safety - the portion of fund balance that is restricted by revenue source for narcotic enforcement.

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

Assigned Fund Balance - the portion of fund balance that Town of Glen Alpine intends to use for specific purposes.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

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

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

11. Defined Benefit Cost-Sharing Plans

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

II. Stewardship, Compliance and Accountability

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

- 1. Noncompliance with North Carolina General Statutes**
- 2. Noncompliance with Various Filing Requirements**

Form 941, Employer's Quarterly Federal Tax Return, is required to be filed every quarter - even if you have no taxes to report. The 941 report for the 1st quarter of 2021 was not timely filed. The required tax payments were remitted, however, the quarterly report was not filed. The Town is in the process of filing the late form and will file forms timely in the future.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$1,173,521 and a bank balance of \$1,181,174. Of the bank balance, \$287,615 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash fund totaled \$100.

2. Receivables - Allowance for Doubtful Accounts

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

General Fund:	
Taxes receivable	<u>\$1,022</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 149,196	\$ -	\$ -	\$ 149,196
Construction in progress	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
	<u>149,196</u>	<u>15,000</u>	<u>-</u>	<u>164,196</u>
Capital assets being depreciated:				
Buildings	248,394	-	-	248,394
Equipment	385,157	-	-	385,157
Infrastructure	230,404	-	-	230,404
Vehicles	788,518	39,041	24,136	803,423
Other improvements	<u>71,338</u>	<u>-</u>	<u>-</u>	<u>71,338</u>
Total capital assets being depreciated	<u>1,723,812</u>	<u>39,041</u>	<u>24,136</u>	<u>1,738,716</u>
Less accumulated depreciation for:				
Buildings	191,693	4,842	-	196,535
Equipment	265,191	26,042	-	291,233
Infrastructure	63,605	5,700	-	69,304
Vehicles	731,466	36,297	24,136	743,627
Other improvements	<u>55,066</u>	<u>1,356</u>	<u>-</u>	<u>56,422</u>
Total accumulated depreciation	<u>1,307,022</u>	<u>74,237</u>	<u>24,136</u>	<u>1,357,122</u>
Total capital assets being depreciated, net	<u>416,790</u>	<u>(35,196)</u>	<u>-</u>	<u>381,595</u>
Governmental activity capital assets, net	<u>\$ 565,986</u>	<u>\$ (20,196)</u>	<u>\$ -</u>	<u>\$ 545,790</u>

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

General government	\$ 4,924
Public safety	55,353
Cultural and recreational	200
Public works	<u>13,759</u>
Total depreciation expense	<u>\$74,237</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Wastewater Fund:				
Capital assets not being depreciated:	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Plant and distribution systems	<u>2,871,297</u>	<u>-</u>	<u>-</u>	<u>2,871,297</u>
Less accumulated depreciation for:				
Plant and distribution systems	<u>1,418,287</u>	<u>71,782</u>	<u>-</u>	<u>1,490,069</u>
Total capital assets being depreciated, net	<u>1,453,011</u>	<u>(71,782)</u>	<u>-</u>	<u>1,381,228</u>
Business-type activity capital assets, net	<u><u>\$1,453,011</u></u>	<u><u>\$(71,782)</u></u>	<u><u>\$-</u></u>	<u><u>\$1,381,228</u></u>

B. Liabilities

1. Lease Obligations

The Town leases property on an annual basis from Norfolk Southern Railway. This property is used as a parking lot at an annual rental of \$180.

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

LGERS plan members who are Law Enforcement Officers (LEOs) are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Effective July 1, 2019, LEOs who complete 25 years of creditable service, with 15 years as an officer, are eligible to retire with partial retirement benefits. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service, or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of creditable service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by North Carolina General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The required contribution rates for employers are set periodically, and affirmed annually, by the LGERS Board of Trustees. The Board establishes a funding policy from which the accrued liability rates and the normal contribution rates are developed by the consulting actuary for general employees and firefighters as well as for law enforcement officers. The sum of those two rates developed under the funding policy and the past service liability contribution rates, if applicable, is the actuarially determined contribution rate (ADC). Further, the required employer contribution rates set by the Board of Trustees may not be less than the normal contribution rates developed under the established funding policy. For the fiscal year ended June 30, 2020, all employers made contributions of 12.040% of covered payroll for law enforcement officers and 11.440% for general employees and firefighters. These amounts, combined with member contributions and investment income, fund the benefits earned by plan members

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

during the year, a payment to reduce the net pension liability, a payment for past service liability, if applicable, and administrative expenses. In addition, employers with an unfunded liability, established when the employer initially enters the system, must make additional contributions towards that liability. The State's responsibility is administrative only. Contributions to the pension plan from the Town of Glen Alpine was \$26,544 for the year ended June 30, 2020.

Refunds of Contributions. Members who have terminated service as contributing members may file an application for a refund of their contributions. By State law, refunds to members include interest (currently 4%, per year), regardless of the number of years of retirement service credit or of the reason for separation from service. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to any other retirement or survivor benefit provided by LGERS.

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

At June 30, 2021, the Town reported a liability of \$113,635 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.00318%, which was a decrease of 0.00217% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$33,119. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$14,350	\$ -
Changes of assumptions	8,457	-
Net difference between projected and actual earnings on pension plan investments	15,991	-
Changes in proportion, and differences between, Town contributions and proportionate share of contributions	7,319	26,513
Town contributions subsequent to the measurement date	<u>26,544</u>	<u>-</u>
Total	<u>\$72,661</u>	<u>\$26,513</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

\$26,544, reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2022	\$5,504
2023	9,161
2024	206
2025	4,733
2026	-
Thereafter	-

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

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

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

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

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$230,553</u>	<u>\$113,635</u>	<u>\$16,468</u>

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The Town of Glen Alpine administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have obtained 55 years of age and have completed five or more years of credible service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	0
Terminated plan members entitled to, but not yet receiving, benefits	0
Active plan members	<u>4</u>
Total	<u>4</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

2. Summary of Significant Accounting Policies:

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

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

3. Actuarial Assumptions:

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

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount Rate	1.93 percent

The discount rate used to measure the TPL is the S & P Municipal Bond 20 Year High Grade Rate Index.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

4. Contributions:

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$-0- as benefits came due for the reporting period.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

At June 30, 2021, the Town reported a total pension liability of \$65,422. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$8,240.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,654	\$16,952
Changes of assumptions	20,962	1,053
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$29,616</u>	<u>\$18,005</u>

\$-0- paid as benefits came due subsequent to the measurement date and have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ending June 30:

2022	\$3,488
2023	3,532
2024	3,006
2025	866
2026	285
Thereafter	434

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$72,472</u>	<u>\$65,422</u>	<u>\$58,933</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

Beginning balance	\$58,193
Service cost	3,188
Interest on the total pension liability	1,897
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(19,515)
Changes of assumptions or other inputs	21,659
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$65,422</u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$33,119	\$8,240	\$41,359
Pension liability	113,635	65,422	179,057
Proportionate share of the net pension liability	0.00318%	n/a	
Deferred outflows of resources:			
Differences between expected and actual experience	14,350	8,654	23,004
Changes of assumptions	8,457	20,962	29,419
Net difference between projected and actual earnings on plan investments	15,991	-	15,991
Changes in proportion, and differences between, contributions and proportionate share of contributions	7,319	-	7,319
Benefit payments and administrative costs paid subsequent to the measurement date	26,544	-	26,544
Deferred inflows of resources:			
Differences between expected and actual experience	-	16,952	16,952
Changes of assumptions	-	1,053	1,053
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion, and differences between, contributions and proportionate share of contributions	26,513	-	26,513

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$7,583 for the reporting year. No amounts were forfeited.

d. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to the pension plan in the current fiscal year	\$ 26,544
Benefit payments made and administrative expenses for LEOSSA	-
Differences between expected and actual experience	23,004
Changes of assumptions	29,419
Net difference between projected and actual	15,991
Changes in proportion, and differences between, employer contributions and the proportionate share of contributions	<u>7,319</u>
Total	<u>\$102,277</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$4,086
Changes in assumptions	1,053	-
Differences between expected and actual experience	16,952	-
Changes in proportion, and differences between, employer contributions and proportionate share of contributions	<u>26,513</u>	<u>-</u>
Total	<u>\$44,518</u>	<u>\$4,086</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town carries flood insurance through the Interlocal Risk Financing Fund of North Carolina. The Town is in an area of the State located in Flood Zone X, which is a flood rate zone that corresponds to areas outside the one percent annual chance flood plain. The coverage has an annual aggregate limit to \$2,500,000 and a \$50,000 deductible for buildings and structures located in Flood Zone X.

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 Town Finance Officer/Clerk is bonded for \$50,000.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

5. Long-Term Obligations

a. Changes in Long-Term Liabilities

At June 30, 2021, the Town of Glen Alpine had a legal debt margin of \$7,572,734.

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Compensated absences	\$ 12,654	\$ 9,231	\$ 6,324	\$ 15,561	\$15,561
Net pension liability (LGERS)	146,104	-	32,469	113,635	-
Total pension liability (LEO)	<u>58,193</u>	<u>7,229</u>	<u>-</u>	<u>65,422</u>	<u>-</u>
	<u>\$216,951</u>	<u>\$16,460</u>	<u>\$38,793</u>	<u>\$194,618</u>	<u>\$15,561</u>

C. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$545,790	\$1,381,228
Less: long-term debt	<u>-</u>	<u>-</u>
Net investment in capital assets	<u>\$545,790</u>	<u>\$1,381,228</u>

D. Fund Balance

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

Total fund balance - General Fund	\$1,151,914
Less:	
Stabilization by State Statute	97,618
Streets-Powell Bill	66,189
Public Safety	3,298
Appropriated Fund Balance in 2021 Budget	147,265
Remaining Fund Balance	837,543

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

E. Interfund Balances and Activity

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

From the General Fund to the Wastewater Fund to supplement the loss in the Wastewater Fund	<u>\$2,500</u>
--	----------------

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 providing matching funds for various grant programs.

During the 2021 fiscal year, the Town made a one-time transfer from the General Fund of \$2,500 to the Wastewater Fund to supplement the negative cash flow from operations.

IV. Joint Ventures

The Town and the members of the Town's volunteer fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2021, the Town received payments of \$-0- made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2021. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina, 27603.

V. Jointly Governed Organizations

The Town, in conjunction with four counties and twenty-four other municipalities, established the Western Piedmont Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$2,072 to the Council during the fiscal year ended June 30, 2021.

VI. Related Party Transactions

The chief of police is an elected member of the Board of Aldermen. Per G.S. 160A-158, this individual can serve in both the capacity as head of a Town department and on the Board of Aldermen. Serving in both capacities is allowed due to the population of the Town of Glen Alpine being under the 5,000 population threshold. There are no financial transactions other than reasonable compensation paid to him in the position of chief of police.

TOWN OF GLEN ALPINE, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

VII. 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.

VIII. Significant Effects of Subsequent Events

Management has evaluated subsequent events through October 6, 2021, the date on which the financial statements were available to be issued, and concluded that the following subsequent event has occurred that would require recognition in the financial statements or disclosure in the financial statements:

COVID-19 Pandemic

The spread of the Coronavirus Disease (COVID-19) has been deemed a worldwide pandemic. The COVID-19 pandemic has had significant effects on global economic markets, supply chains, businesses and communities. As a result, domestic and international equity markets have experienced significant declines. The declines impacting the Town of Glen Alpine, North Carolina are not reflected in the financial statements for the year ended June 30, 2021, since the full impact of COVID-19 is unknown and cannot be reasonably estimated as of October 6, 2021.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
 - Schedule of Contributions to Local Government Employees' Retirement System
 - Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
 - Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
-

TOWN OF GLEN ALPINE, NORTH CAROLINA

Town of Glen Alpine's Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information Last Eight Fiscal Years* Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of Glen Alpine's proportion of the net pension liability (asset) (%)	0.00318%	0.00535%	0.00431%	0.00355%	0.00368%	0.00408%	0.00411%	0.00460%
Town of Glen Alpine's proportion of the net pension liability (asset) (\$)	\$113,635	\$146,104	\$102,248	\$ 54,234	\$ 78,102	\$ 18,311	\$ (24,239)	\$ 55,448
Town of Glen Alpine's covered payroll	\$241,244	\$248,151	\$363,281	\$227,734	\$205,114	\$196,124	\$201,193	\$209,301
Town of Glen Alpine's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.10%	58.88%	28.15%	23.81%	38.08%	9.34%	(12.05)%	26.49%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

Town of Glen Alpine's Contributions Required Supplementary Information Last Eight Fiscal Years Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 26,544	\$ 22,817	\$ 20,119	\$ 29,505	\$ 17,665	\$ 14,930	\$ 15,484	\$ 15,020
Contributions in relation to the contractually required contributions	<u>26,544</u>	<u>22,817</u>	<u>20,119</u>	<u>29,505</u>	<u>17,665</u>	<u>14,930</u>	<u>15,484</u>	<u>15,020</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Glen Alpine's covered-employee payroll	\$250,528	\$241,244	\$248,151	\$363,281	\$227,734	\$205,114	\$196,124	\$201,193
Contributions as a percentage of covered employee payroll	10.60%	9.46%	8.11%	8.12%	7.76%	7.28%	7.90%	7.47%

TOWN OF GLEN ALPINE, NORTH CAROLINA

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 58,193	\$ 46,781	\$ 30,304	\$ 24,929	\$ 22,267
Service cost	3,188	4,303	3,918	2,333	2,411
Interest on the total pension liability	1,897	1,703	958	962	795
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(19,515)	3,337	13,535	(92)	-
Changes of assumptions or other inputs	21,659	2,069	(1,934)	2,172	(544)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 65,422</u>	<u>\$ 58,193</u>	<u>\$ 46,781</u>	<u>\$ 30,304</u>	<u>\$ 24,929</u>

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

TOWN OF GLEN ALPINE, NORTH CAROLINA

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 65,422	\$ 58,193	\$ 46,781	\$ 30,304	\$ 24,929
Covered payroll	134,589	226,617	190,588	120,749	120,751
Total pension liability as a percentage of covered payroll	48.61%	25.68%	24.55%	25.10%	20.64%

Notes to the schedules:

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

**GOVERNMENTAL ACTIVITIES
MAJOR FUNDS
GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

(THIS PAGE LEFT BLANK INTENTIONALLY)

TOWN OF GLEN ALPINE, NORTH CAROLINA**Schedule 1
Page 1 of 6**

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
Revenues:				
Ad valorem taxes:				
Current year	\$ 317,805	\$ 328,253	\$ 10,448	\$ 325,013
Prior years	100	5,003	4,903	3,495
Penalties and interest	1,500	1,320	(180)	1,124
Tax collection fees	-	(4,337)	(4,337)	(4,318)
Total	<u>319,405</u>	<u>330,239</u>	<u>10,834</u>	<u>325,314</u>
 Other taxes and licenses:				
Fire district taxes	<u>21,848</u>	<u>29,044</u>	<u>7,196</u>	<u>22,480</u>
Total	<u>21,848</u>	<u>29,044</u>	<u>7,196</u>	<u>22,480</u>
 Unrestricted intergovernmental:				
Local option sales tax	373,897	486,962	113,066	418,810
Franchise tax	51,404	58,634	7,230	61,908
Beer and wine tax	6,600	6,578	(22)	6,748
Solid waste disposal tax	1,350	1,170	(180)	1,191
Gasoline tax refund	<u>2,500</u>	<u>1,761</u>	<u>(739)</u>	<u>1,991</u>
Total	<u>435,751</u>	<u>555,106</u>	<u>119,355</u>	<u>490,648</u>
 Restricted intergovernmental:				
Powell Bill State street aid allocation	44,000	41,481	(2,519)	43,725
Covid funds	43,340	43,340	-	-
Federal and State grants	-	140	140	-
Total	<u>87,340</u>	<u>84,961</u>	<u>(2,379)</u>	<u>43,725</u>
 Permits and fee:				
Zoning permits	<u>150</u>	<u>480</u>	<u>330</u>	<u>285</u>
Total	<u>150</u>	<u>480</u>	<u>330</u>	<u>285</u>

cont.

	2021		Variance	2020
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	<u>Actual</u>
Revenues (continued):				
Investment earnings	\$ 30	\$ 2	\$ (28)	\$ 27
Miscellaneous:				
Police and traffic fees	2,600	13,338	10,738	9,769
Rents and sale of property	1,200	1,200	-	1,200
Other	1,500	15,660	14,160	22
Total	5,300	30,198	24,898	10,991
Total revenues	869,824	1,030,029	160,205	893,471
Expenditures:				
General government:				
Mayor and Aldermen salary	12,600	12,600	-	12,600
Town clerk salary	41,097	41,812	(715)	40,520
Code enforcement officer salary	24,102	24,566	(464)	24,090
Social security	6,815	5,931	884	6,158
Group insurance	6,747	6,454	293	4,603
Professional services	31,000	28,956	2,044	44,000
Workers compensation	12,994	12,992	2	12,858
Retirement	4,201	4,192	8	3,433
Telephone and postage	5,400	5,338	62	4,761
Utilities	3,200	2,179	1,021	3,018
Travel	1,600	-	1,600	2,136
Supplies	6,426	6,100	326	4,992
Dues and subscriptions	7,600	4,839	2,761	15,692
Community events	4,173	4,173	-	2,974
Zoning and comp land use plan	-	-	-	1,333

cont.

	2021			
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	2020 <u>Actual</u>
Expenditures (continued):				
Insurance and bonds	\$ 3,750	\$ 3,704	\$ 46	\$ 3,685
Advertising	809	809	-	615
Rent/lease	4,133	4,133	-	3,227
Engineering services	300	-	300	-
Miscellaneous	2,019	1,841	178	1,910
Election expense	1,200	-	1,200	1,157
Meetings/training	3,700	2,125	1,575	1,599
Grant expenditures	-	13,620	(13,620)	10,172
Capital outlay	12,293	3,821	8,472	-
Total general government	<u>196,159</u>	<u>190,186</u>	<u>5,973</u>	<u>205,533</u>
Public safety:				
Police:				
Police salaries	189,812	174,389	15,423	173,861
Social security	15,158	13,133	2,025	13,300
Retirement	25,076	24,022	1,054	21,187
Training seminars	-	-	-	30
Telephone and postage	3,650	3,650	-	2,675
Utilities	3,200	2,179	1,021	3,018
Insurance	3,710	3,704	6	3,685
Group insurance	29,904	28,607	1,297	22,014
Uniforms	2,115	2,115	-	1,088
Automotive supplies	8,000	7,521	479	11,285
Supplies	3,037	3,037	-	2,897
Equipment	12,768	10,768	2,000	18,267
Maintenance and repairs-auto	8,345	1,681	6,664	11,583
Maintenance and repairs-equipment	-	-	-	961
Investigator reserve	573	-	573	-
Miscellaneous	1,915	765	1,150	560
Capital outlay	43,041	39,041	4,000	-
Total police	<u>350,303</u>	<u>314,612</u>	<u>35,692</u>	<u>286,411</u>

cont.

	2021			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
Expenditures (continued):				
Fire department:				
Training and meetings	\$ 500	\$ 80	\$ 420	\$ 15
Insurance and bonds	4,000	3,704	296	3,685
Automotive supplies	4,886	1,086	3,801	1,772
Utilities	3,200	2,179	1,021	3,018
Supplies	15,227	15,223	4	22,410
Maintenance and repairs-building	-	-	-	6,331
Maintenance and repairs-equipment	5,000	917	4,083	1,389
Maintenance and repairs-trucks	8,000	6,517	1,483	2,271
Dues and subscriptions	2,618	2,618	-	601
Retirement	7,880	7,880	-	928
Social security	696	603	93	-
Fire department grant expenditures	6,190	6,190	-	-
Chief and per call pay	20,656	13,075	7,581	9,820
Miscellaneous	7,398	5,799	1,599	4,760
Capital outlay	-	15,000	(15,000)	-
Total fire department	<u>86,253</u>	<u>80,873</u>	<u>5,380</u>	<u>57,000</u>
 Total public safety	 <u>436,556</u>	 <u>395,484</u>	 <u>41,072</u>	 <u>343,411</u>
 Public works:				
Salaries	75,543	70,650	4,893	70,112
Social security	6,153	5,305	849	5,517
Retirement	6,450	5,912	538	5,372
Group insurance	13,807	13,208	599	24,451
Uniforms	1,000	870	130	1,024

cont.

	2021			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
Expenditures (continued):				
Utilities	\$ 34,350	\$ 30,698	\$ 3,652	\$ 24,716
Automotive supplies	5,750	3,451	2,298	6,893
Supplies and materials	2,250	2,250	-	2,330
Maintenance and repairs	8,500	7,833	667	6,518
Miscellaneous	1,141	767	373	19
Insurance	3,705	3,704	1	3,685
Sidewalks	3,000	540	2,460	-
Streets	51,300	29,577	21,723	44,320
Garbage disposal	67,959	68,085	(125)	66,351
Hazard mitigation	2,500	-	2,500	-
Total public works	<u>283,409</u>	<u>242,852</u>	<u>40,557</u>	<u>261,308</u>
Debt service:				
Public safety:				
Principal retirement	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total debt service	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Total expenditures	<u>931,124</u>	<u>828,523</u>	<u>102,602</u>	<u>810,252</u>
Revenues over (under) expenditures	<u>(61,300)</u>	<u>201,506</u>	<u>262,807</u>	<u>83,219</u>

cont.

	<u>2021</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
Other Financing Sources (Uses):				
Appropriated fund balance	\$ 63,800	\$ -	\$ (63,800)	\$ -
Transfers from (to) other funds	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>(2,500)</u>
Total other financing sources (uses)	<u>61,300</u>	<u>(2,500)</u>	<u>(63,800)</u>	<u>(2,500)</u>
 Revenues and other financing sources over (under) expenditures and other financing sources (uses)	 <u>\$ -</u>	 199,007	 <u>\$ 199,007</u>	 80,719
Fund balance - beginning		<u>952,907</u>		<u>872,188</u>
Fund balance - ending		<u>\$ 1,151,914</u>		<u>\$ 952,907</u>

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Wastewater Fund - This fund is used to account for the activities associated with the operation and maintenance of the Town's sewer and surface drainage systems.

(THIS PAGE LEFT BLANK INTENTIONALLY)

TOWN OF GLEN ALPINE, NORTH CAROLINA

Schedule 2

Wastewater Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	<u>2021</u>		<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Operating revenue:				
Charges for services	\$ 18,000	\$ 12,999	\$ (5,001)	\$ 11,711
Nonoperating revenue:				
Interest earned	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>-</u>
Total revenues	<u>18,005</u>	<u>12,999</u>	<u>(5,006)</u>	<u>11,711</u>
Expenditures:				
Utilities	20,505	15,557	4,948	13,455
Service charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>60</u>
Total expenditures	<u>20,505</u>	<u>15,557</u>	<u>4,948</u>	<u>13,515</u>
Revenues over (under) expenditures	<u>(2,500)</u>	<u>(2,558)</u>	<u>(58)</u>	<u>(1,804)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	-	-	-
Transfer from General Fund	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total other financing sources (uses)	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Revenue and other sources (uses) over (under) expenditures and other uses	<u>\$ -</u>	<u>(58)</u>	<u>\$ (58)</u>	<u>696</u>
Reconciliation from Budgetary Basis (modified accrual) to Full Accrual:				
Reconciling items:				
Income from Wastewater Construction				
Capital Reserve Fund		1		-
Depreciation		<u>(71,782)</u>		<u>(71,782)</u>
Change in net position		<u>\$ (71,840)</u>		<u>\$ (71,086)</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA**Schedule 3****Wastewater Construction Capital Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2021****(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)**

	<u>2021</u>		<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Investment earnings	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Total revenues	-	1	1	-
Other Financing Sources (Uses):				
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources (uses) over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

OTHER SCHEDULES

This section contains additional information required on property taxes and transfers

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

TOWN OF GLEN ALPINE, NORTH CAROLINA**Schedule 4****Schedule of Ad Valorem Taxes Receivable
June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020 - 2021	\$ -	\$ 331,306	\$ 328,253	\$ 3,053
2019 - 2020	5,182	-	4,819	363
2018 - 2019	463	-	159	303
2017 - 2018	175	-	89	86
2016 - 2017	148	-	93	55
2015 - 2016	191	-	93	98
2014 - 2015	111	-	5	106
2013 - 2014	541	-	1	540
2012 - 2013	389	-	8	381
2011 - 2012	143	-	19	124
2010 - 2011	162	-	162	-
Total	<u>\$ 7,505</u>	<u>\$ 331,306</u>	<u>\$ 333,702</u>	5,108
Less allowance for uncollectibles				<u>1,022</u>
Balance				<u>\$ 4,086</u>
Reconcilement With Revenues:				
Taxes - Ad valorem - General Fund				\$ 330,239
Amounts written off for fiscal year 2010 - 2011				<u>162</u>
				330,401
Less interest collected				(1,320)
Variance due to County collections				285
Collection fee				<u>4,337</u>
Total collections and credits				<u>\$ 333,702</u>

TOWN OF GLEN ALPINE, NORTH CAROLINA

Schedule 5

**Analysis of Current Tax Levy
June 30, 2021**

	<u>City - wide</u>			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>		
Original levy:					
Property taxes at current year's rate	\$ 80,751,429	0.350	\$ 282,630	\$ 282,630	\$ -
Registered motor vehicles taxed at current year's rate	<u>13,924,571</u>	0.350	<u>48,736</u>	<u>-</u>	<u>48,736</u>
Total	<u>94,676,000</u>		<u>331,366</u>	<u>282,630</u>	<u>48,736</u>
Discoveries-property	228,289	0.350	799	799	-
Discoveries-motor vehicles	-	0.350	-	-	-
Releases-property	(111,683)	0.350	(391)	(391)	-
Releases-registered motor vehicles	<u>(133,429)</u>	0.350	<u>(467)</u>	<u>-</u>	<u>(467)</u>
Total	<u>(16,823)</u>		<u>(59)</u>	<u>408</u>	<u>(467)</u>
Total property valuation	<u>\$ 94,659,177</u>				
Net Levy			331,306	283,038	48,269
Unpaid (by taxpayer) taxes at June 30, 2021			<u>(3,053)</u>	<u>(3,053)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 328,253</u>	<u>\$ 279,985</u>	<u>\$ 48,269</u>
Current levy collection percentage			<u>99.08%</u>	<u>98.92%</u>	<u>100.00%</u>