

**REVIEWED**

*By SLGFD at 11:00 am, Feb 16, 2022*

**Town of Murphy, North Carolina**  
**Financial Statements**  
**June 30, 2021**

Turner & Company CPAs P.A.

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

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**June 30, 2021**

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## Introductory Information

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# **Town of Murphy, North Carolina**

## **Mayor and Town Council**

Tim Radford, Mayor

Frank E. Dickey

Keisha Dockery

Barbara Hughes

Barry R. McClure

Charlene Smith

Gail Walker Stansell

## **Administrative and Financial Staff**

Chad Simons, Town Manager, Finance Officer, Town Clerk

Patricia J. Siler, Tax Collector

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## Financial Section

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# Turner & Company CPAs P.A.

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

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## **Independent Auditors' Report**

To the Honorable Mayor and Town Council  
Town of Murphy, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Murphy, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Town of Murphy ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Murphy, 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 and the Rural Fire Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 48 and 49, respectively, 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 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Murphy's basic financial statements. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022 on our consideration of the Town of Murphy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Murphy's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Turner & Company CPAs P.A." in a cursive, flowing script.

Turner & Company CPAs P.A.  
Murphy, North Carolina  
February 1, 2022



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## Management's Discussion and Analysis

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**Town of Murphy, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2021**

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

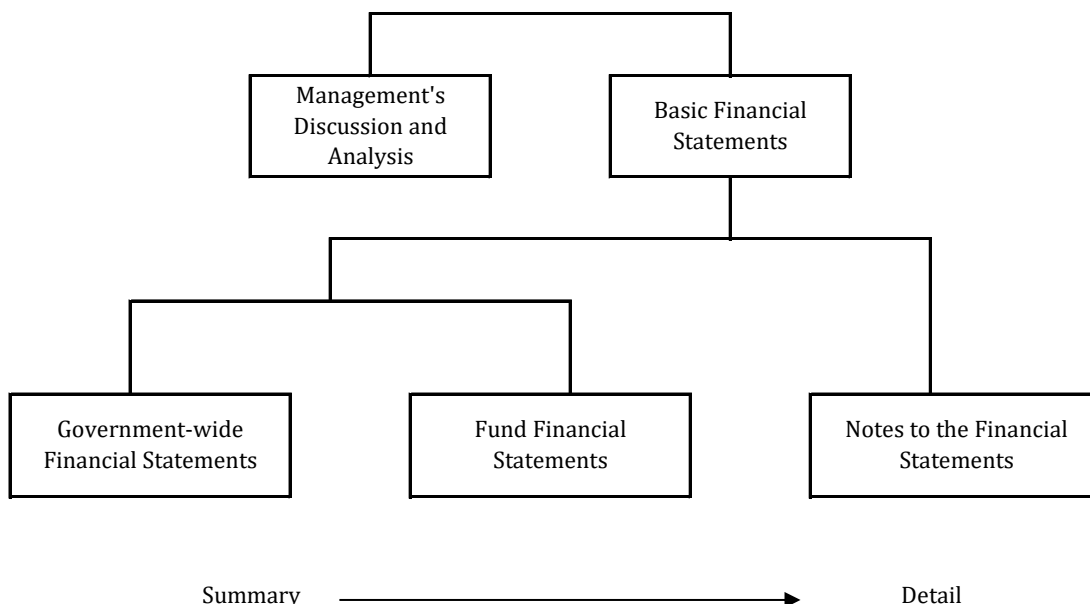
- The assets and deferred outflows of resources of the Town of Murphy exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,806,082 (*net position*).
- The government's total net position decreased by \$250,137 based on an increase in the governmental activities net position of \$205,929 and a decrease in the business type activities net position of \$456,066.
- As of the close of the current fiscal year, the Town of Murphy's governmental funds reported combined ending fund balances of \$4,348,307, with a net increase of \$258,767 in fund balance. Approximately 18.88 percent of this total amount, or \$821,036, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,920,310, or 126.16 percent of total general fund expenditures for the fiscal year.
- The Town of Murphy's total debt increased by \$7,392 (0.27%) during the current fiscal year. The Town incurred one additional direct placement borrowing agreement for \$39,712 and two capitalized leases for \$81,985 and \$163,726 during the fiscal year.

**Overview of the Financial Statements**

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

Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and housing services offered by the Town of Murphy. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the ABC Board is required to distribute its profits to the Town.

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

### Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Murphy, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Murphy can be divided into two categories: governmental funds and proprietary funds.

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

The Town of Murphy 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 Murphy has one kind of proprietary fund. The *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Murphy uses enterprise funds to account for its water and sewer activity and for its housing 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 23 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the enhanced accounting and financial reporting related to pensions for governments. Required supplementary information can be found beginning on page 47 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 governments and other holders of publicly held U.S. Treasury Securities.

## Government-Wide Financial Analysis

### Town of Murphy, North Carolina's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 4,504,845	\$ 4,239,877	\$ 3,294,693	\$ 3,476,057	\$ 7,799,538	\$ 7,715,934
Capital assets	3,245,828	3,138,302	13,658,999	14,203,147	16,904,827	17,341,449
Deferred outflows of resources	418,278	238,949	122,667	93,387	540,945	332,336
Total assets and deferred outflows of resources	8,168,951	7,617,128	17,076,359	17,772,591	25,245,310	25,389,719
Long-term liabilities outstanding	2,530,513	2,198,012	1,379,363	1,218,324	3,909,876	3,416,336
Other liabilities	145,396	137,648	329,622	730,004	475,018	867,652
Deferred inflows of resources	52,297	46,652	2,037	2,860	54,334	49,512
Total liabilities and deferred inflows of resources	2,728,206	2,382,312	1,711,022	1,951,188	4,439,228	4,333,500
Net position						
Net investment in capital assets	1,575,002	1,507,789	12,608,182	13,119,409	14,183,184	14,627,198
Restricted	821,036	916,693	-	-	821,036	916,693
Unrestricted	3,044,707	2,810,334	2,757,155	2,701,994	5,801,862	5,512,328
Total net position	\$ 5,440,745	\$ 5,234,816	\$ 15,365,337	\$ 15,821,403	\$ 20,806,082	\$ 21,056,219

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 Murphy exceeded liabilities and deferred inflows by 20,880,082 as of June 30, 2021. The Town's net position decreased by \$250,137 for the fiscal year ended June 30, 2021. The largest portion (68.17%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Murphy uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Murphy'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 Murphy's net position \$821,036 (3.95%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,801,862 is unrestricted.

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

- Diligence in the collection of property taxes was demonstrated by maintaining a tax collection percentage of 93.17%, excluding motor vehicles. The statewide average for Municipalities with a population of 1,000 to 2,499 in the fiscal year 2020 was 97.86%.

**Town of Murphy, North Carolina's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 30,872	\$ 42,326	\$ 2,113,089	\$ 2,132,578	\$ 2,143,961	\$ 2,174,904
Operating grants and contributions	413,037	236,463	419,857	323,290	832,894	559,753
Capital grants and contributions	-	37,432	274,258	718,974	274,258	756,406
General revenues:						
Property taxes	1,409,335	1,270,963	-	-	1,409,335	1,270,963
Grants and contributions not restricted to specific programs	1,014,686	1,000,702	-	-	1,014,686	1,000,702
Other	64,766	105,984	47,495	42,055	112,261	148,039
Total revenues	2,932,696	2,693,870	2,854,699	3,216,897	5,787,395	5,910,767
Expenses						
General government	518,694	491,116	-	-	518,694	491,116
Public safety	1,415,722	1,353,118	-	-	1,415,722	1,353,118
Transportation	275,865	217,845	-	-	275,865	217,845
Economic and physical development	5,005	5,005	-	-	5,005	5,005
Environmental protection	183,948	179,910	-	-	183,948	179,910
Cultural recreation	256,071	237,848	-	-	256,071	237,848
Interest on long-term debt	71,462	72,059	-	-	71,462	72,059
Housing authority	-	-	807,085	733,421	807,085	733,421
Water and sewer	-	-	2,503,680	2,454,211	2,503,680	2,454,211
Total expenses	2,726,767	2,556,901	3,310,765	3,187,632	6,037,532	5,744,533
Increase (decrease) in net position before transfers	205,929	136,969	(456,066)	29,265	(250,137)	166,234
Transfers	-	-	-	-	-	-
Increase in net position	205,929	136,969	(456,066)	29,265	(250,137)	166,234
Net position, beginning	5,234,816	5,097,847	15,821,403	15,792,138	21,056,219	20,889,985
Net position, ending	\$ 5,440,745	\$ 5,234,816	\$ 15,365,337	\$ 15,821,403	\$ 20,806,082	\$ 21,056,219

**Governmental Activities.** Governmental activities increased the Town's net position by \$205,929. Key elements of this increase are as follows:

- There was an increase in the amount of revenue received from property taxes due to the revaluation of property values in the prior fiscal year.
- There was an increase in the amount of local option sales tax received in the current fiscal year.
- Operating grants and contributions increased because of additional funds received from the CARES Act and from the Murphy Power Board for economic development.
- Expenditures increased by \$169,866 primarily because of increased expenses for public safety, transportation, and general government.

**Business-Type Activities.** Business-type activities decreased the Town's net position by \$456,066.

**Housing Authority Fund:**

- Charges for Services decreased by \$32,668 due to a decrease in dwelling rentals.
- The \$64,862 increase in operating grants and contributions was due to increases in the HUD operating and CARES Act subsidies.
- An additional \$22,635 was received from the Public Housing Capital Fund for the current fiscal year.
- Operating expenses increased by \$73,664 relative to the increase in operating grants and contributions.

**Water and Sewer Fund:**

- There was a slight increase in charges for services of \$13,179.
- Operating grants and contributions increased by \$31,705 between 2020 and 2021.
- Capital grants and contributions in Water and Sewer decreased \$467,351 between 2020 and 2021. The primary cause of this being that the Town received less funding from the North Carolina Department of Environmental Quality for the Hiwassee River Sewer Repair Project. The majority of the revenue for this project was received in the prior year.
- Operating expenses increased by \$49,469 during the current fiscal year primarily in the water utility maintenance department.

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

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

**Governmental Funds.** The focus of the Town of Murphy's government funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Murphy's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year. Fund balance available may be comprised of amounts shown as restricted, committed, assigned or unassigned.

The general fund is the chief operating fund of the Town of Murphy. At the end of the current fiscal year, the Town of Murphy's fund balance available for appropriation was \$3,778,816, while total fund balance reached \$3,840,985. The Board has determined that the Town should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 157.66% of general fund expenditures, while total fund balance represents 160.25% of the same amount.

The governmental funds of the Town of Murphy reported a combined fund balance of \$4,348,307 at June 30, 2021, with a \$258,767 net increase in fund balance.

**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. Total amendments to the General Fund increased expenditures by \$244,630. Expenditures were less than budgeted amounts due to the due diligence of those in management, and the Town was able to comply with its budgetary requirements.

**Proprietary Funds.** The Town of Murphy's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Housing Authority Fund at the end of the fiscal year amounted to \$799,373 and that of the Water and Sewer Fund amounted to \$1,957,782. The total change in net position for both funds was (\$65,545) and (\$390,521), respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Murphy's business-type activities.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town of Murphy's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$16,904,827 (net of accumulated depreciation). These assets include buildings and improvements, land, furniture, machinery and equipment, vehicles, plants and distribution systems, and construction in progress.

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

- \$23,790 was expended for laptop computers for the police
- \$15,000 was expended for body cameras for the police
- \$12,700 was expended for a zero turn mower for the recreation department
- \$17,000 was expended for an access road to the Piney Knob trails
- \$161,346 was expended for a Sutphen pumper fire truck

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

**Housing Authority Fund:**

- No new assets were added to the Housing Authority for the current fiscal year.

**Water and Sewer Fund:**

- Completed and capitalized construction of the Hiwassee River Sewer Repair Project for a total cost of \$936,192
- \$35,000 was expended for a 2019 Ram 1500 for the water filter plant department
- \$50,000 was expended for a 2018 Ram 5500 4X4 for the water utility maintenance department
- \$163,726 was expended for a Vactor sewer truck for the water utility maintenance department

**Town of Murphy, North Carolina's Capital Assets**  
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital assets						
Land	\$ -	\$ -	\$ 110,587	\$ 110,587	\$ 110,587	\$ 110,587
Construction in progress	-	-	-	812,480	-	812,480
Buildings and system	1,913,217	1,979,732	1,353,350	1,494,573	3,266,567	3,474,305
Other improvements	776,178	734,821	-	-	776,178	734,821
Plant and distribution systems	-	-	11,624,146	11,422,322	11,624,146	11,422,322
Equipment and furniture	103,497	87,541	314,633	330,434	418,130	417,975
Vehicles and motorized equipment	425,098	324,667	256,283	32,751	681,381	357,418
Computer software	450	3,155	-	-	450	3,155
Computer equipment	27,388	8,386	-	-	27,388	8,386
Total capital assets	\$ 3,245,828	\$ 3,138,302	\$ 13,658,999	\$ 14,203,147	\$ 16,904,827	\$ 17,341,449

**Construction commitments**

The government has no active construction projects as of June 30, 2021.

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

**Long-Term Obligations.** Debt totals include direct placement installment purchases, direct borrowing State revolving loans, and capital leases. As of June 30, 2021, the Town of Murphy had total debt outstanding of \$2,721,643. The entire debt is backed by the full faith and credit of the Town. Compensated absences and unpaid pension related liabilities are included in the total long-term obligations.

**Town of Murphy, North Carolina's Long-term Obligations**

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct placement installment purchase	\$ 1,549,262	\$ 1,581,640	\$ -	\$ -	\$ 1,549,262	\$ 1,581,640
Capitalized leases	121,564	48,873	-	-	121,564	48,873
Direct borrowing State revolving loans	-	-	1,050,817	1,083,738	1,050,817	1,083,738
Total debt outstanding	1,670,826	1,630,513	1,050,817	1,083,738	2,721,643	2,714,251
Compensated absences	79,429	68,011	59,859	47,543	139,288	115,554
Net pension liability (LGRS)	522,792	365,124	224,054	156,482	746,846	521,606
Total pension liability (LEO)	348,600	194,495	-	-	348,600	194,495
Total long-term obligations	\$ 2,621,647	\$ 2,258,143	\$ 1,334,730	\$ 1,287,763	\$ 3,956,377	\$ 3,545,906

- The Town of Murphy's total debt increased by \$7,392 (0.27%) during the current fiscal year. The Town incurred one additional direct placement borrowing agreement for \$39,712 and two capitalized leases for \$81,985 and \$163,726 during the fiscal year.
- North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Murphy is \$20,781,258.
- Additional information regarding the Town of Murphy's long-term debt can be found in Note III.B.6 of the Basic Financial Statements.

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

The following key economic indicator reflects the growth and prosperity of the Town.

- The Town is taking a conservative approach with the budget for next year which seeks to enhance the service quality in each public safety department by adding on full-time law enforcement officers and improving the staffing of the Murphy Fire Department. No tax increase is needed to support the enhancements. The Town plans to continue to provide quality services in the most cost-effective way possible. Management feels that this budget also places the Town in a better position in the water and sewer fund with anticipated rate increases.

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

**Governmental Activities:** The property tax rate was maintained at 38 cents per \$100 of valuation for the next fiscal year to maintain current tax revenue streams.

The Town has chosen to appropriate \$595,052 of fund balance in the General Fund and \$99,520 in the Rural Fire Fund in the fiscal year 2022 budget.

The budget provides \$75,000 for the purchase of two Ford utility vehicles and a hybrid Ford F-150 for use by the Murphy Police.

The Town delayed some capital projects in the prior year due to the uncertainty surrounding the pandemic. In the 2022 fiscal year, the Town has budgeted \$50,000 for paving of a parking lot and \$10,000 for the construction of wayfinding signs for downtown.

\$320,000 has been budgeted for the purchase of a new mini pumper for the Murphy Fire Department.

The Murphy Rural Fire Fund proposes to pay \$200,000 in four annual payments of \$50,000 for approximately 50% of the Murphy National Guard Armory to be used for a fire station.

The Town anticipates an increase in salaries and related benefits for police officers of approximately \$100,000 based on a salary study.

**Business-Type Activities:** The Town has recommended the adoption of the proposed rate schedule introduced in conjunction with the recommended ten year Capital Improvements Plan. This schedule will increase base and volumetric charges by six percent. Management is also recommending an increase in sewer dumping charges.

\$500,000 has been budgeted to replace the belt press at the sewer plant. \$330,000 has been provided by the American Rescue Act to help pay for this replacement.

The budget provides \$45,000 for a truck for the water plant.

**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:

Chad Simons, Town Manager, Finance Officer, Town Clerk  
5 Wofford Street, Murphy NC 28906  
manager@townofmurphync.com  
(828) 837-2510  
www.townofmurphync.com



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## Basic Financial Statements

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**Town of Murphy, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Town of Murphy ABC Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,943,770	\$ 2,951,914	\$ 6,895,684	\$ 887,784
Restricted cash and cash equivalents	390,541	155,809	546,350	152,562
Taxes receivable (net)	98,413	-	98,413	-
Accrued interest receivable on taxes	8,561	-	8,561	-
Accrued interest receivable on CD's	1,391	-	1,391	-
Accounts receivable (net)	24,480	174,325	198,805	-
Due from other governments	25,780	-	25,780	-
Inventories	-	-	-	358,723
Prepaid items	11,909	12,645	24,554	17,749
Total current assets	4,504,845	3,294,693	7,799,538	1,416,818
Non-current assets:				
Capital assets:				
Land and construction in progress	-	110,587	110,587	45,287
Other capital assets, net of depreciation	3,245,828	13,548,412	16,794,240	280,079
Total capital assets	3,245,828	13,658,999	16,904,827	325,366
Total assets	7,750,673	16,953,692	24,704,365	1,742,184
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	418,278	122,667	540,945	67,403
Total deferred outflows of resources	418,278	122,667	540,945	67,403
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	24,854	52,883	77,737	357,819
Accrued interest payable	29,408	-	29,408	-
Unearned revenue	-	1,837	1,837	-
Current portion of long-term liabilities	91,134	119,093	210,227	-
Payable from restricted assets	-	155,809	155,809	-
Total current liabilities	145,396	329,622	475,018	357,819
Long-term liabilities:				
Due in more than one year	2,530,513	1,379,363	3,909,876	107,203
Total liabilities	2,675,909	1,708,985	4,384,894	465,022
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	23,319	-	23,319	-
Pension deferrals	28,978	2,037	31,015	-
Total deferred inflows of resources	52,297	2,037	54,334	-
<b>NET POSITION</b>				
Net investment in capital assets	1,575,002	12,608,182	14,183,184	280,079
Restricted for:				
Transportation	93,279	-	93,279	-
Public safety	665,588	-	665,588	-
Stabilization by state statute	62,169	-	62,169	-
Other functions	-	-	-	296,068
Unrestricted	3,044,707	2,757,155	5,801,862	768,418
Total net position	\$ 5,440,745	\$ 15,365,337	\$ 20,806,082	\$ 1,344,565

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Murphy ABC Board
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 518,694	\$ 28,856	\$ -	\$ -	\$ (489,838)	\$ -	\$ (489,838)	\$ -
Public safety	1,415,722	1,168	154,162	-	(1,260,392)	-	(1,260,392)	-
Transportation	275,865	-	51,785	-	(224,080)	-	(224,080)	-
Economic and physical development	5,005	-	56,538	-	51,533	-	51,533	-
Environmental protection	183,948	-	150,552	-	(33,396)	-	(33,396)	-
Cultural and recreation	256,071	848	-	-	(255,223)	-	(255,223)	-
Interest on long-term debt	71,462	-	-	-	(71,462)	-	(71,462)	-
Total governmental activities	2,726,767	30,872	413,037	-	(2,282,858)	-	(2,282,858)	-
Business-type activities:								
Housing authority	807,085	257,032	292,708	190,258	-	(67,087)	(67,087)	-
Water and sewer	2,503,680	1,856,057	127,149	84,000	-	(436,474)	(436,474)	-
Total business-type activities	3,310,765	2,113,089	419,857	274,258	-	(503,561)	(503,561)	-
Total primary government	\$ 6,037,532	\$ 2,143,961	\$ 832,894	\$ 274,258	(2,282,858)	(503,561)	(2,786,419)	-
Component unit:								
ABC Board	\$ 4,568,900	\$ 4,826,398	\$ -	\$ -	-	-	-	257,498
Total component unit	\$ 4,568,900	\$ 4,826,398	\$ -	\$ -	-	-	-	257,498
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,409,335	-	1,409,335	-
Grants and contributions not restricted to specific programs					1,014,686	-	1,014,686	-
Unrestricted investment earnings					3,497	2,095	5,592	852
Miscellaneous					61,269	45,400	106,669	-
Total general revenues not including transfers					2,488,787	47,495	2,536,282	852
Change in net position					205,929	(456,066)	(250,137)	258,350
Net position, beginning					5,234,816	15,821,403	21,056,219	1,086,215
Net position, ending	\$ 5,440,745	\$ 15,365,337	\$ 20,806,082	\$ 1,344,565				

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

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

	Major Funds		
	General Fund	Rural Fire Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,436,448	\$ 507,322	\$ 3,943,770
Restricted cash	390,541	-	390,541
Receivables, net:			
Taxes	98,413	-	98,413
Accounts	24,480	-	24,480
Due from other governments	25,780	-	25,780
Prepaid items	11,909	-	11,909
Total assets	3,987,571	507,322	4,494,893
LIABILITIES			
Accounts payable and accrued liabilities	24,854	-	24,854
Total liabilities	24,854	-	24,854
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	98,413	-	98,413
Prepaid taxes	23,319	-	23,319
Total deferred inflows of resources	121,732	-	121,732
FUND BALANCES			
Nonspendable			
Prepaid items	11,909	-	11,909
Restricted			
Stabilization by state statute	62,169	-	62,169
Streets	93,279	-	93,279
Public safety	158,266	507,322	665,588
Assigned			
Subsequent year's expenditures	595,052	99,520	694,572
Unassigned	2,920,310	(99,520)	2,820,790
Total fund balances	3,840,985	507,322	4,348,307
Total liabilities, deferred inflows of resources and fund balances	\$ 3,987,571	\$ 507,322	\$ 4,494,893

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

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

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

Total Fund Balance, Governmental Funds	\$	4,348,307
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Gross capital assets at historical cost	\$ 7,012,815	
Accumulated depreciation	<u>(3,766,987)</u>	3,245,828

Deferred outflows of resources related to pensions are not reported in the funds	418,278
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Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds

Accrued interest receivable on taxes	8,561
Accrued interest receivable on CD's	1,391

Liabilities for earned revenues considered deferred inflows of resources in fund statements.

Property taxes receivable	98,413
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Long-term debt included as net position (includes the addition of long-term debt and principal payments during the year)	(1,750,255)
Net pension liability	(522,792)
Total pension liability	(348,600)

Deferred inflows of resources related to pensions are not reported in the funds	(28,978)
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Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds

Accrued interest payable	<u>(29,408)</u>
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Net position of governmental activities	<u><u>\$ 5,440,745</u></u>
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*The notes to the financial statements are an integral part of this statement.*

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

	<b>Major Funds</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Rural Fire Fund</b>	
<b>REVENUES</b>			
Ad valorem taxes	\$ 1,059,322	\$ 333,885	\$ 1,393,207
Unrestricted intergovernmental	1,014,686	-	1,014,686
Restricted intergovernmental	413,037	-	413,037
Permits and fees	1,168	-	1,168
Sales and services	29,704	-	29,704
Investment earnings	3,401	198	3,599
Miscellaneous	45,589	8,942	54,531
Total revenues	<u>2,566,907</u>	<u>343,025</u>	<u>2,909,932</u>
<b>EXPENDITURES</b>			
Current:			
General government	486,609	-	486,609
Public safety	1,061,421	343,063	1,404,484
Transportation	314,459	-	314,459
Environmental protection	171,646	-	171,646
Cultural and recreation	248,761	-	248,761
Debt service:			
Principal	41,672	-	41,672
Interest and other charges	72,257	-	72,257
Total expenditures	<u>2,396,825</u>	<u>343,063</u>	<u>2,739,888</u>
Excess (deficiency) of revenues over expenditures	170,082	(38)	170,044
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	99,598	-	99,598
Transfers to other funds	-	(99,598)	(99,598)
Insurance recovery	6,738	-	6,738
Capital lease obligations issued	81,985	-	81,985
Total other financing sources (uses)	<u>188,321</u>	<u>(99,598)</u>	<u>88,723</u>
Net change in fund balance	358,403	(99,636)	258,767
Fund balances, beginning	<u>3,482,582</u>	<u>606,958</u>	<u>4,089,540</u>
Fund balances, ending	<u>\$ 3,840,985</u>	<u>\$ 507,322</u>	<u>\$ 4,348,307</u>

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

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

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

Net changes in fund balances - total governmental funds		\$ 258,767
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 expenditures which were capitalized	338,385	
Depreciation expense for governmental assets	<u>(230,859)</u>	
		107,526
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		95,894
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in accrued investment earnings	(102)	
Change in unavailable revenue for tax revenues	<u>16,128</u>	
		16,026
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(81,985)	
Principal payments on long-term debt	41,672	
Decrease in accrued interest payable	<u>795</u>	
		(39,518)
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.		
Compensated absences	(11,418)	
Pension expense	<u>(221,348)</u>	
		(232,766)
Total changes in net position of governmental activities		<u>\$ 205,929</u>

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

**Town of Murphy, North Carolina**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual**  
**For the Year Ended June 30, 2021**

	General Fund				Rural Fire Fund			
	Original	Final	Actual Amounts	Variance Positive (Negative)	Original	Final	Amounts	Variance Positive (Negative)
<b>REVENUES</b>								
Ad valorem taxes	\$ 921,000	\$ 921,000	\$ 1,059,322	\$ 138,322	\$ 317,000	\$ 317,000	\$ 333,885	\$ 16,885
Unrestricted intergovernmental	740,000	740,000	1,014,686	274,686	-	-	-	-
Restricted intergovernmental	170,700	170,700	413,037	242,337	-	-	-	-
Permits and fees	300	300	1,168	868	-	-	-	-
Sales and services	34,850	34,850	29,704	(5,146)	-	-	-	-
Investment earnings	-	-	3,401	3,401	-	-	198	198
Miscellaneous	10,000	10,000	45,589	35,589	-	-	8,942	8,942
Total revenues	1,876,850	1,876,850	2,566,907	690,057	317,000	317,000	343,025	26,025
<b>EXPENDITURES</b>								
Current:								
General government	482,510	502,510	486,609	15,901	-	-	-	-
Public safety	1,118,695	1,143,695	1,061,421	82,274	217,400	380,400	343,063	37,337
Transportation	198,000	330,000	314,459	15,541	-	-	-	-
Environmental protection	192,750	192,750	171,646	21,104	-	-	-	-
Cultural and recreation	229,210	296,840	248,761	48,079	-	-	-	-
Debt service:								
Principal retirement	31,750	42,780	41,672	1,108	-	-	-	-
Interest and other charges	83,750	72,720	72,257	463	-	-	-	-
Total expenditures	2,336,665	2,581,295	2,396,825	184,470	217,400	380,400	343,063	37,337
Revenues over (under) expenditures	(459,815)	(704,445)	170,082	874,527	99,600	(63,400)	(38)	63,362
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers from other funds	99,600	99,600	99,598	(2)	-	-	-	-
Transfers to other funds	-	-	-	-	(99,600)	(99,600)	(99,598)	2
Insurance recovery	-	-	6,738	6,738	-	-	-	-
Capital lease obligations issued	-	82,000	81,985	(15)	-	-	-	-
Total other financing sources (uses)	99,600	181,600	188,321	6,721	(99,600)	(99,600)	(99,598)	2
Revenues over (under) expenditures and other uses	(360,215)	(522,845)	358,403	881,248	-	(163,000)	(99,636)	63,364
Fund balance appropriated	360,215	522,845	-	(522,845)	-	163,000	-	(163,000)
Net change in fund balance	\$ -	\$ -	358,403	\$ 358,403	\$ -	\$ -	(99,636)	\$ (99,636)
Fund balances, beginning			3,482,582				606,958	
Fund balances, ending			\$ 3,840,985				\$ 507,322	

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



**Town of Murphy, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Major Enterprise Funds		
	Housing Authority Fund	Water and Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 845,394	\$ 2,106,520	\$ 2,951,914
Restricted cash and cash equivalents	33,300	122,509	155,809
Accounts receivable (net) - billed	7,815	166,510	174,325
Prepaid items	6,544	6,101	12,645
Total current assets	893,053	2,401,640	3,294,693
Noncurrent assets:			
Capital assets:			
Land and construction in progress	110,587	-	110,587
Other capital assets, net of depreciation	1,379,764	12,168,648	13,548,412
Total capital assets	1,490,351	12,168,648	13,658,999
Total noncurrent assets	1,490,351	12,168,648	13,658,999
Total assets	2,383,404	14,570,288	16,953,692
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	-	122,667	122,667
Total deferred outflows of resources	-	122,667	122,667
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	38,354	14,529	52,883
Tenant prepaid rents	1,837	-	1,837
Compensated absences - current	-	9,000	9,000
State revolving loans - current	-	72,633	72,633
Capital lease payable - current	-	37,460	37,460
Liabilities payable from restricted assets:			
Customer deposits	33,300	122,509	155,809
Total current liabilities	73,491	256,131	329,622
Noncurrent liabilities:			
Compensated absences	20,189	30,670	50,859
Net pension liability	-	224,054	224,054
State revolving loans - noncurrent	-	978,184	978,184
Capital lease - noncurrent	-	126,266	126,266
Total noncurrent liabilities	20,189	1,359,174	1,379,363
Total liabilities	93,680	1,615,305	1,708,985
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	-	2,037	2,037
<b>NET POSITION</b>			
Net investment in capital assets	1,490,351	11,117,831	12,608,182
Unrestricted	799,373	1,957,782	2,757,155
Total net position	\$ 2,289,724	\$ 13,075,613	\$ 15,365,337

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

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

	<b>Major Enterprise Funds</b>		
	<b>Housing Authority Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 254,094	\$ 1,856,057	\$ 2,110,151
Other operating revenues	2,938	127,149	130,087
Total operating revenues	257,032	1,983,206	2,240,238
<b>OPERATING EXPENSES</b>			
Operating expenses	259,850	1,473,837	1,733,687
Maintenance and tenant services	400,883	168,570	569,453
Depreciation	146,352	852,693	999,045
Total operating expenses	807,085	2,495,100	3,302,185
Operating income (loss)	(550,053)	(511,894)	(1,061,947)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	1,542	553	2,095
Interest and other charges	-	(8,580)	(8,580)
Sale of supplies	-	26,506	26,506
Total nonoperating revenue (expenses)	1,542	18,479	20,021
Income (loss) before contributions and transfers	(548,511)	(493,415)	(1,041,926)
Capital contributions	482,966	84,000	566,966
Gain on insurance recovery	-	18,894	18,894
Change in net position	(65,545)	(390,521)	(456,066)
Total net position, beginning	2,355,269	13,466,134	15,821,403
Total net position, ending	\$ 2,289,724	\$ 13,075,613	\$ 15,365,337

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

**Town of Murphy, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Housing Authority Fund</b>	<b>Water and Sewer Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 255,967	\$ 1,845,299	\$ 2,101,266
Cash paid for goods and services	(467,191)	(980,227)	(1,447,418)
Cash paid to or on behalf of employees for services	(189,345)	(664,358)	(853,703)
Customer deposits received	(1,794)	14,590	12,796
Other operating revenues	2,938	127,149	130,087
Net cash provided (used) by operating activities	<u>(399,425)</u>	<u>342,453</u>	<u>(56,972)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Non-capital grants	-	-	-
Total cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(701,104)	(701,104)
Proceeds from capital debt	-	39,712	39,712
Principal paid on bond maturities and equipment contracts	-	(72,633)	(72,633)
Capital contributions	482,966	84,000	566,966
Insurance recovery	-	18,894	18,894
Proceeds from sale of supplies	-	26,506	26,506
Interest paid on bond maturities and equipment contracts	-	(8,580)	(8,580)
Due to (from) other governments	-	409,933	409,933
Net cash provided (used) by capital and related financing activities	<u>482,966</u>	<u>(203,272)</u>	<u>279,694</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	<u>1,542</u>	<u>553</u>	<u>2,095</u>
Net increase (decrease) in cash and cash equivalents	85,083	139,734	224,817
Cash and cash equivalents at beginning of year	<u>793,611</u>	<u>2,089,295</u>	<u>2,882,906</u>
Cash and cash equivalents at end of year	<u>\$ 878,694</u>	<u>\$ 2,229,029</u>	<u>\$ 3,107,723</u>

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

**Town of Murphy, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Major Enterprise Funds		
	Housing Authority Fund	Water and Sewer Fund	Totals
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ (550,053)	\$ (511,894)	\$ (1,061,947)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	146,352	852,693	999,045
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	1,873	(10,758)	(8,885)
(Increase) decrease in prepaid items	(118)	(3,603)	(3,721)
(Increase) decrease in deferred outflows of resources - pensions	-	(29,280)	(29,280)
(Increase) decrease in due from other governments	-	8,854	8,854
Increase (decrease) in accounts payable and accrued liabilities	(2,638)	(50,261)	(52,899)
Increase (decrease) in customer deposits	(1,794)	14,590	12,796
Increase (decrease) in accrued vacation pay	6,953	5,363	12,316
Increase (decrease) in net pension liability	-	67,572	67,572
Increase (decrease) in deferred outflows of resources for pensions	-	(823)	(823)
Total adjustments	150,628	854,347	1,004,975
Net cash provided by operating activities	<u>\$ (399,425)</u>	<u>\$ 342,453</u>	<u>\$ (56,972)</u>
Noncash investing, capital and financing:			
Borrowing under capital lease	<u>\$ -</u>	<u>\$ 163,726</u>	

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

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

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

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**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Murphy and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**Town of Murphy ABC Board**

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town of Murphy and Cherokee County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Murphy ABC Board, Highway 64, Murphy, NC 28906.

**B. Basis of Presentation**

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The 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 nonmajor funds.

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

The Town reports the following major governmental funds:

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

**Rural Fire District Special Revenue Fund.** This fund accounts for the ad valorem tax levies of the fire districts in Cherokee County.

The Town reports the following major enterprise funds:

**Water and Sewer Fund.** This fund is used to account for the Town's Water and Sewer operations. The Capital Project Fund have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for these funds have been included in the supplemental information.

**Housing Authority Fund.** This fund is used to account for the Town's Housing Authority operations.

### C. Measurement Focus and Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements:* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The Town considers all revenues available if they are collected within 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 the utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Murphy because the tax is levied by Cherokee County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Rural Fire Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Capital Project Fund, which is presented with the Project and lapse at the end of the project. The enterprise fund project is consolidated with the operating fund for reporting purposes. All budgets are prepared using the modified accrual basis accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year fund. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board 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).

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Cash restricted for special purposes has been segregated from cash available for general operations. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Firefighters' relief funds are also classified as restricted cash because they can be expended only for the purposes for the relief of firefighters and county fire marshals who are members of this Association, and who may be injured or rendered sick by disease contracted in the actual discharge of duty as firefighters or county fire marshals, and for the relief of surviving spouses, children, and if there be no surviving spouse or children, then dependent mothers of the firefighters and county fire marshals killed or dying from disease so contracted in the discharge of duty per G.S. 58-85-1. Public Safety Capital Reserve funds held in the General Fund are classified as restricted assets because their use is restricted for the future purchase of a mini-pumper. Police Separation Allowance funds held in the General Fund are classified as restricted assets because their use is restricted for future separation payouts for Police Officers.

Town of Murphy Restricted Cash

Governmental Activities			
General Fund	Powell Bill funds	\$	93,279
	Firefighters' relief funds		158,266
	Public safety capital reserve		129,000
	Police separation allowance		9,996
Total Governmental Activities			<u>\$ 390,541</u>
Business-type Activities			
Water and Sewer Fund	Customer deposits	\$	122,509
	Murphy Housing Authority		33,300
Total Business-type Activities			<u>\$ 155,809</u>
Total Restricted Cash			<u><u>\$ 546,350</u></u>

4. Ad Valorem Taxes Receivable

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

5. Allowance for Doubtful Accounts

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



**6. Inventory and Prepaid Items**

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventories of the ABC Board consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, and plants and distribution systems, \$15,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and system	20 - 50
Equipment and furniture	5 - 40
Vehicles and motorized equipment	5 - 25
Computer equipment	3
Computer software	5
Plants and distribution systems	10 - 30
Other improvements	10 - 50

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	33
Equipment and furniture	3 - 10
Land improvements	3 - 33

**8. Unearned Revenue**

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

**9. Deferred Outflows/Inflows of Resources**

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

#### 10. Long-Term Obligations

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

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

#### 11. Compensated Absences

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

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

#### 12. 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. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

##### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for fire safety and for the purpose of caring for firemen who are hurt in the line of duty or their dependents.

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

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

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

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

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

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

### 13. Defined Benefit Cost-Sharing Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Murphy's employer contributions are recognized when due and the Town of Murphy 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.

### 14. Estimates

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

## II. Stewardship, Compliance, and Accountability

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

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

None Noted

#### 2. Contractual Violations

None Noted

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

None Noted

### C. Excess of Expenditures over Appropriations

None Noted

**III. Detail Notes on All Funds****A. Assets****1. Deposits**

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names.

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

At June 30, 2021, the Town's deposits had a carrying amount of \$7,441,734 and a bank balance of \$7,519,980. Of the bank balance, \$1,250,000 was covered by a federal depository insurance and the remainder was covered by a collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$300.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$1,037,846 and a bank balance of \$1,036,317. Of the bank balance, \$450,210 was covered by federal depository insurance and \$586,107 was covered by collateral held by authorized agents in the name of the State Treasurer. At June 30, 2021, the ABC Boards petty cash fund totaled \$2,500.

**2. Receivables - Allowance for Doubtful Accounts**

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

## General Fund:

Taxes receivable	\$ 32,805
Total General Fund	32,805

## Enterprise Funds:

Water and Sewer Fund - accounts receivable	5,985
Housing Authority Fund - accounts receivable	4,101
Total Enterprise Funds	10,086
Total	\$ 42,891

**3. Capital Assets****Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Government activities:</b>				
Capital assets being depreciated:				
Buildings and system	\$ 2,859,545	\$ -	\$ -	\$ 2,859,545
Other improvements	1,325,349	108,770	-	1,434,119
Equipment and furniture	187,530	39,239	-	226,769
Vehicles and motorized equipment	2,290,154	166,586	18,021	2,438,719
Computer software	13,524	-	-	13,524
Computer equipment	16,349	23,790	-	40,139
Total capital assets being depreciated	6,692,451	338,385	18,021	7,012,815

	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings and system	879,813	66,515	-	946,328
Other improvements	590,528	67,413	-	657,941
Equipment and furniture	99,989	23,283	-	123,272
Vehicles and motorized equipment	1,965,487	66,155	18,021	2,013,621
Computer software	10,369	2,705	-	13,074
Computer equipment	7,963	4,788	-	12,751
Total accumulated depreciation	3,554,149	230,859	18,021	3,766,987
Total capital assets being depreciated, net	3,138,302			3,245,828
Governmental activity capital assets, net	<u>\$ 3,138,302</u>			<u>\$ 3,245,828</u>

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

General government	\$ 9,664
Public safety	127,023
Transportation	60,792
Economic and physical development	5,005
Environmental protection	4,808
Cultural and recreational	23,567
Total depreciation expense	<u>\$ 230,859</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 812,480	\$ 123,712	\$ 936,192	\$ -
Total capital assets not being depreciated	812,480	123,712	936,192	-
Capital assets being depreciated:				
Plants and distribution systems	21,540,065	945,976	-	22,486,041
Equipment and furniture	757,460	59,125	59,088	757,497
Vehicles and motorized equipment	133,021	262,276	52,257	343,040
Total capital assets being depreciated	22,430,546	1,267,377	111,345	23,586,578
Less accumulated depreciation for:				
Plants and distribution systems	10,117,743	744,152	-	10,861,895
Equipment and furniture	458,569	69,797	59,088	469,278
Vehicles and motorized equipment	100,270	38,744	52,257	86,757
Total accumulated depreciation	10,676,582	852,693	111,345	11,417,930
Total capital assets being depreciated, net	11,753,964			12,168,648
Water and Sewer fund capital assets, net	<u>\$ 12,566,444</u>			<u>\$ 12,168,648</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Housing Authority Fund</i>				
Capital assets not being depreciated:				
Land	\$ 110,587	\$ -	\$ -	\$ 110,587
Total capital assets not being depreciated	110,587	-	-	110,587
Capital assets being depreciated:				
Buildings and system	6,225,295	-	-	6,225,295
Equipment and furniture	136,249	-	-	136,249
Vehicles and motorized equipment	25,718	-	-	25,718
Total capital assets being depreciated	6,387,262	-	-	6,387,262
Less accumulated depreciation for:				
Buildings and system	4,730,722	141,223	-	4,871,945
Equipment and furniture	104,706	5,129	-	109,835
Vehicles and motorized equipment	25,718	-	-	25,718
Total accumulated depreciation	4,861,146	146,352	-	5,007,498
Total capital assets being depreciated	1,526,116			1,379,764
Housing fund capital assets, net	1,636,703			1,490,351
Business-type activities capital assets, net	\$ 14,203,147			\$ 13,658,999

**Construction commitments**

The government has no active construction projects as of June 30, 2021.

**Discretely presented component unit**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>ABC Board:</b>				
Capital assets not being depreciated:				
Land	\$ 45,287	\$ -	\$ -	\$ 45,287
Total capital assets not being depreciated	45,287	-	-	45,287
Capital assets being depreciated:				
Buildings and improvements	423,608	-	-	423,608
Other improvements	53,245	-	-	53,245
Furniture and equipment	123,731	22,246	-	145,977
Total capital assets being depreciated	600,584	22,246	-	622,830
Less accumulated depreciation for:				
Buildings and improvements	168,052	10,969	-	179,021
Other improvements	44,215	824	-	45,039
Furniture and maintenance equipment	112,109	6,582	-	118,691
Total accumulated depreciation	324,376	18,375	-	342,751
Total capital assets being depreciated	276,208			280,079
ABC Board capital assets, net	\$ 321,495			\$ 325,366

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected in the earnings for the period.

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

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

	Vendors	Other	Total
Governmental activities:			
General	\$ 24,854	\$ -	\$ 24,854
Total governmental activities	\$ 24,854	\$ -	\$ 24,854
Business-type activities:			
Housing authority	\$ 25,142	\$ 13,212	\$ 38,354
Water and sewer	14,529	-	14,529
Total business-type activities	\$ 39,671	\$ 13,212	\$ 52,883

**2. Unearned Revenue**

Unearned revenue at the government-wide level at June 30, 2021, was as follows:

	Tenant Prepaid Rents	Local Grants and Contributions	Total
Business-type activities:			
Housing authority	\$ 1,837	\$ -	\$ 1,837
Total business-type activities	\$ 1,837	\$ -	\$ 1,837

**3. Pension Plan and Postemployment Obligations****a. Local Governmental Employees' Retirement System**

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

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Murphy employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Murphy's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Murphy were \$136,991 for the year ended June 30, 2021.

**Refunds of Contributions.** Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, the Town reported a liability of \$756,846 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, 2021, the Town's proportion was 0.02090% (measured as of June 30, 2020), which was a decrease of 0.002% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the Town recognized pension expense of \$261,880. 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	\$ 94,314	\$ -
Changes in assumptions	55,580	-
Net difference between projected and actual earnings on pension plan investments	105,098	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	16,911	6,789
Town contributions subsequent to the measurement date	136,991	-
Total	<u>\$ 408,894</u>	<u>\$ 6,789</u>

\$136,991 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 76,163
2023	97,960
2024	59,887
2025	31,104
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 as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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.

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 1,515,269	\$ 746,846	\$ 108,232

*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 Allowance1. *Plan Description.*

The Town of Murphy 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 creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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 County law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

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

2. *Summary of Significant Accounting Policies.*

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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 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	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

## Mortality Rates

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.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Beneficiary): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

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 did not pay any benefits for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$348,600. 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 \$38,034.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,563	\$ 14,681
Changes in assumptions	117,488	9,545
Net difference between projected and actual earnings on pension plan investments	-	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 132,051</u>	<u>\$ 24,226</u>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 15,881
2023	15,881
2024	16,224
2025	15,857
2026	14,235
Thereafter	29,747

*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 1-percentage-point lower (0.93 percent) or 1-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	\$ 394,415	\$ 348,600	\$ 307,376

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

Total pension liability as of December 31, 2019	\$ 194,495
Changes for the year:	
Service cost	15,812
Interest on the total pension liability	6,341
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	14,626
Changes of assumptions or other inputs	117,326
Benefit payments	-
Other changes	-
Net changes	<u>154,105</u>
Total pension liability as of December 31, 2020	<u>\$ 348,600</u>

*Changes of assumptions.* Since the Prior Measurement Date, the Discount Rate has changed from 3.26% to 1.93% due to a change in the Municipal Bond Rate.

*Changes in Benefit Terms.* There were no changes in benefit terms since the prior Measurement Date.

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 Government Employees' Retirement System for the five year period ending December 31, 2019.

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

The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	Total
Pension Expense	\$ 261,880	\$ 38,034	\$ 299,914
Pension Liability	522,792	348,600	871,392
Proportionate share of the net pension liability	0.02090%	n/a	

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	94,314	14,563	108,877
Changes of assumptions	55,580	117,488	173,068
Net difference between projected and actual earnings on pension plan investments	105,098	-	105,098
Changes in proportion and differences between contributions and proportionate share of contributions	16,911	-	16,911
Benefit payments and administrative costs paid subsequent to the measurement date	136,991	-	136,991
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	-	14,681	14,681
Changes of assumptions	-	9,545	9,545
Changes in proportion and differences between contributions and proportionate share of contributions	6,789	-	6,789

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's 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.

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

The Town contributed \$21,706 for the year ended June 30, 2021. No amounts were forfeited.

**4. Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months 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. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

**5. Deferred Outflows and Inflows of Resources**

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 136,991
Differences between expected and actual experience	108,877
Changes of assumptions	173,068
Net difference between projected and actual	105,098
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,911
Total	<u>\$ 540,945</u>

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

Source	Amount
Prepaid taxes (General Fund)	\$ 23,319
Taxes receivable (General Fund), less penalties	98,413
Differences between expected and actual experience	14,681
Changes of assumptions	9,545
Net difference between projected and actual	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,789
Total	<u>\$ 152,747</u>

**6. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains the following types of major coverage for the amounts of retained risk noted: general liability coverage of \$2 million per occurrence, auto liability coverage of \$1 million, property coverage of \$23,875,416, workers' compensation coverage up to statutory limits, and employee benefit liability of \$1 million. Specific information on the limits of these policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town of Murphy 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 with the following coverage: \$5,000,000 limit per single occurrence, \$5,000,000 annual aggregate limit, with a \$50,000 deductible per occurrence.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$110,000 and the tax collector is individually bonded for \$50,000.

The Fire Department has insurance coverage through the Volunteer Firemen's Insurance Services, Inc. The Fire Department carries general liability coverage of \$1 million per occurrence, auto liability coverage of \$1 million, real property coverage of \$3,200,000, and personal property coverage of \$166,506.

The Murphy Housing Authority 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 Authority participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Authority has worker's compensation coverage up to statutory limits, general liability coverage of \$5 million per occurrence and \$5 million annual aggregate, property coverage \$6,500,196, auto liability coverage of \$5 million for each occurrence, and public officials' legal liability of \$5 million for each loss and annual aggregate. All housing authority employees are covered under a public employee dishonesty bond of \$300,000. Bond premiums are calculated on a limit of \$125,000, the bond limit amount required by the United States Department of Housing and Urban Development (HUD).

The Town of Murphy ABC Board 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 ABC Board has commercial property, general liability, workmen's compensation, and employee health coverage. The ABC Board also has liquor legal liability. The ABC Store does not carry Flood Insurance. There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

## 7. Long-term Obligations

### a. Capital Lease

#### Serviced by the General Fund:

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at inception.

The first agreement was executed on January 1, 2009, and renegotiated on February 15, 2021, to lease streetlights and requires 180 monthly payments of \$321. The second agreement was executed on February 15, 2021, to lease additional streetlights and requires 180 monthly payments of \$627. In addition, the monthly kwh charges must be paid. In both agreements, the lease term covers at least 75% of the assets' remaining economic lives.

At June 30, 2021, the Town leased streetlights valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Other improvements - streetlights	\$ 206,639	\$ 172,199	\$ 34,440
Other improvements - streetlights	81,985	2,277	79,708
Total	<u>\$ 288,624</u>	<u>\$ 174,476</u>	<u>\$ 114,148</u>

The future minimum lease payments and their net present value as of June 30, 2021, were as follows:

Year Ending June 30	
2022	\$ 11,380
2023	11,380
2024	11,380
2025	11,380
2026	11,380
Thereafter	110,002
Total minimum lease payments	166,902
Less: amount representing interest	45,338
Present value of the minimum lease payments	<u>\$ 121,564</u>

#### Serviced by the Water Sewer Fund:

The Town has entered into an agreement to lease a Vactor Sewer Truck from Lease Servicing Center, Inc., dba NCL Government Capital. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The lease agreement was executed on August 17, 2020, to lease a sewer truck and requires 5 annual payments of \$37,460. Title passes to the Town upon acquisition and acceptance of the truck.

At June 30, 2021, the Town leased vehicles and motorized equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Vehicles and motorized equipment - sewer truck	\$ 163,726	\$ 19,491	\$ 144,235

The future minimum lease payments and their net present value as of June 30, 2021, were as follows:

Year Ending June 30	
2022	\$ 37,460
2023	37,460
2024	37,460
2025	37,460
2026	37,460
Total minimum lease payments	187,300
Less: amount representing interest	23,574
Present value of the minimum lease payments	<u>\$ 163,726</u>

b. Installment Purchase

Serviced by the General Fund:

In January 2007, the Town entered into a \$1,900,000 direct placement contract with the United States Department of Agriculture Rural Development for a new Fire Station. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires forty annual payments of \$99,598 beginning January 18, 2008, including interest at 4.25%, and matures in January 2047.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$1,039,978 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 33,754	\$ 65,844
2023	35,189	64,409
2024	36,684	62,914
2025	38,244	61,354
2026	39,869	59,729
2027 - 2031	226,248	271,742
2032 - 2036	278,590	219,400
2037 - 2041	343,040	154,950
2042 - 2046	422,402	75,588
2047 - 2051	95,242	4,048
Total	<u>\$ 1,549,262</u>	<u>\$ 1,039,978</u>

c. State Revolving Fund Loans

Serviced by the Water and Sewer Fund:

The Town's State Revolving Fund loans payable consisted of the following at June 30, 2021:

In March 2010, the Town entered into a \$332,683 State Revolving Fund loan from direct borrowings for the Cherokee Hills and Murphy Medical Center Pump Station Upgrade project and is secured by the net revenues for the water and sewer system. The loan requires one annual payment of \$18,445 followed by nineteen annual payments of \$16,539, beginning May 1, 2011, with interest at 0% per annum on the unpaid principal. The loan matures on May 1, 2030. The loan contains provisions that an event of default could have further commitment of funds withdrawn. \$ 148,848

In November 2010, the Town entered into a \$329,162 State Revolving Fund loan from direct borrowings for the Radio Read Meter Improvements project and is secured by the net revenues for the water and sewer system. The loan requires annual installments, including interest of 0.00%, of \$17,843, \$16,458, and eighteen installments of \$16,381, beginning May 1, 2011. The loan matures on May 1, 2030. The loan contains provisions that an event of default could have further commitment of funds withdrawn. 147,432

In June 2020, the Town entered into a \$794,250 State Reserve Fund loan from direct placement borrowings for the Hiwassee River Sewer Repair Project and is secured by the net revenues of the water and sewer system. The loan requires twenty annual principal payments of \$39,713 which are due on May 1 of each year. The loan also requires semi-annual interest payments at a rate of 1.31% per annum on the unpaid principal balance which are due on May 1 and November 1 of each year. The loan matures May 1, 2040. The loan contains provisions that an event of default could cause the note to be repaid or further commitment of funds to be withdrawn. 754,537

\$ 1,050,817

Annual debt service payments of the State revolving fund loans as of June 30, 2021, are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 72,633	\$ 9,884
2023	72,633	9,364
2024	72,633	8,844
2025	72,633	8,324
2026	72,633	7,804
2027 - 2031	330,243	31,214
2032 - 2036	198,563	18,208
Thereafter	158,846	5,202
Total	<u>\$ 1,050,817</u>	<u>\$ 98,844</u>

At June 30, 2021, the Town of Murphy had a legal debt margin of \$20,866,702.

d. Long-Term Obligation Activity:

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2021:

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental activities:</b>					
Direct placement installment purchase	\$ 1,581,640	\$ -	\$ 32,378	\$ 1,549,262	\$ 33,754
Capitalized lease	48,873	81,985	9,294	121,564	11,380
Compensated absences	68,011	57,613	46,195	79,429	46,000
Net pension liability (LGRS)	365,124	157,668	-	522,792	-
Total pension liability (LEO)	194,495	154,105	-	348,600	-
Total governmental activities	<u>\$ 2,258,143</u>	<u>\$ 451,371</u>	<u>\$ 87,867</u>	<u>\$ 2,621,647</u>	<u>\$ 91,134</u>
<b>Business-type activities:</b>					
<i>Water and Sewer Fund</i>					
Direct borrowing State revolving loans	\$ 1,083,738	\$ 39,712	\$ 72,633	\$ 1,050,817	\$ 72,633
Capitalized lease	-	163,726	-	163,726	37,460
Compensated absences	34,307	14,591	9,228	39,670	9,000
Net pension liability (LGRS)	156,482	67,572	-	224,054	-
Total Water and Sewer Fund	<u>1,274,527</u>	<u>285,601</u>	<u>81,861</u>	<u>1,478,267</u>	<u>119,093</u>
<i>Housing Authority Fund</i>					
Compensated absences	13,236	6,953	-	20,189	-
Total Housing Authority Fund	<u>13,236</u>	<u>6,953</u>	<u>-</u>	<u>20,189</u>	<u>-</u>
Total business-type activities	<u>\$ 1,287,763</u>	<u>\$ 292,554</u>	<u>\$ 81,861</u>	<u>\$ 1,498,456</u>	<u>\$ 119,093</u>

No interest was capitalized during 2021; interest incurred and charged to expense totaled \$70,274.

C. Interfund Balances and Activity

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

From the Rural Fire District to the General Fund for the debt service payments for the USDA Loan	\$ 99,598
Total	<u>\$ 99,598</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 provided by matching funds for various grant programs.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 3,245,828	\$ 13,658,999
Less: long-term debt	1,670,826	1,050,817
Net investment in capital assets	<u>\$ 1,575,002</u>	<u>\$ 12,608,182</u>



E. Fund Balance

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

<b>Total fund balance - General Fund</b>	<b>\$ 3,840,985</b>
Less:	
Prepaid Items	11,909
Stabilization by State Statute	62,169
Streets - Powell Bill	93,279
Public Safety - Firefighters' Relief	158,266
Appropriated fund balance in 2022 budget	595,052
Working Capital/Fund Balance Policy	258,130
Remaining Fund Balance	2,662,180

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

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

<b>Encumbrances</b>	<b>General Fund</b>	<b>Non-Major Funds</b>
	\$ -	\$ -

IV. Joint VenturesNantahala Regional Library

The Town also participates in a joint venture to operate the Nantahala Regional Library with five other local governments. Each participating county may appoint three board members to the nine member board of the Library. The Town has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2021. In accordance with the intergovernmental agreement between the participating governments, the Town appropriated \$194,001 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 11 Blumenthal Avenue, Murphy, North Carolina 28906.

Firemen's Relief Fund

The Town and the members of the Town's 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 fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of 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 reported revenues of \$12,804 and expenditures of \$10,332 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.

The board of trustees of a local Firefighters' Relief Fund may, with the authorization of and under guidelines provided by the North Carolina State Firemen's Association, dedicate a portion of the local Firefighters' Relief Fund towards providing supplemental retirement. If such dedicated amounts are used solely for supplemental retirement within the guidelines provided by the North Carolina State Firemen's Association, then such dedicated amounts shall not count towards the maximum allowable balance. On June 5, 2015 the NCSFA approved a request from the Murphy Fire Department for the establishment of a Supplemental Retirement Program (SRP) within the department's relief fund in the amount of \$50,000. The program will be administered by the Town of Murphy Fire Department and will supplement personnel who meet the following criteria: 20 years of service with the Murphy Fire Department, be eligible for the NC State Firemen's Pension, and have retired from the department. At June 30, 2021, the approved Supplemental Retirement Reserve amount was \$130,000.

**V. Related Organization**

The three-member board of the Town of Murphy Power Board is appointed by the Town of Murphy. The Town is accountable for the Town of Murphy Power Board because it appoints the governing board; however, the Town of Murphy is also disclosed as a related organization in the notes to the financial statements for the Town of Murphy Power Board.

**VI. Summary Disclosure of Significant Contingencies****Federal and State Assisted Programs**

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**Coronavirus Disease (COVID-19)**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. It is not possible to determine the extent to which the pandemic may materially impact the financial position, results of activities, and cash flows of the Town in subsequent years. Management believes the Town is taking appropriate actions to mitigate the impact of the pandemic. The full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

**VII. New Accounting Pronouncements*****Pronouncements effective for the 2021 Financial Statements:***

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

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

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

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

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The effective date of this Statement has been postponed for reporting periods beginning after December 15, 2020.

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

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

The requirements of this Statement are effective as follows:

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

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

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

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

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

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

**VIII. Significant Effects of Subsequent Events**

The Town has evaluated events and transactions that occurred between June 30, 2021 and February 1, 2022, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

1. On July 11, 2021, the Town received \$264,040 of Coronavirus State and Local Fiscal Recovery Funds from the Treasury to meet pandemic response needs.
2. On August 2, 2021, the Town accepted a bid of \$50,000 for 29.29 acres of land.
3. On December 16, 2021, the Town was awarded \$750,000 from the North Carolina Department of Commerce Community Development Block Grant – Neighborhood Revitalization (CDBG-NR) Program.
4. Subsequent to year end, the Town negotiated a fire protection agreement with the Eastern Band of Cherokee Indians to provide fire services for the Harrah's Cherokee Valley River Casino & Hotel beginning October 1, 2021 and ending October 1, 2030. Annual payments are due October 31 of each year in the amount of \$113,160.

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## Required Supplementary Financial Data

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

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### Local Government Employees' Retirement System

- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

### Law Enforcement Officers' Special Separation Allowance

- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

**Town of Murphy, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**for Local Government Employees' Retirement System**  
**Required Supplementary Information**  
**Last Eight Fiscal Years\***  
**Local Government Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Town of Murphy's proportion of the net pension liability (asset) (%)	0.02090%	0.01910%	0.01916%	0.02005%	0.01866%	0.01823%	0.01795%	0.01570%
Town of Murphy's proportion of the net pension liability (asset) (\$)	\$ 756,846	\$ 521,606	\$ 454,541	\$ 306,308	\$ 396,028	\$ 81,815	\$ (105,859)	\$ 189,245
Town of Murphy's covered-employee payroll*	\$ 1,299,319	\$ 1,197,544	\$ 1,228,476	\$ 1,216,770	\$ 1,148,976	\$ 1,055,745	\$ 1,067,647	\$ 975,394
Town of Murphy's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.25%	43.56%	37.00%	25.17%	34.47%	7.75%	( 9.92%)	19.40%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Murphy, North Carolina**  
**Schedule of Contributions to Local Government Employees' Retirement System**  
**Required Supplementary Information**  
**Last Eight Fiscal Years**  
**Local Government Employees' Retirement System**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 136,991	\$ 119,553	\$ 95,676	\$ 94,663	\$ 92,545	\$ 79,919	\$ 74,438	\$ 76,059
Contributions in relation to the contractually required contribution	136,991	119,553	95,676	94,663	92,545	79,919	74,438	76,059
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Murphy's covered-employee payroll	\$ 1,319,522	\$ 1,299,319	\$ 1,197,544	\$ 1,228,476	\$ 1,216,770	\$ 1,148,976	\$ 1,055,745	\$ 1,067,647
Contributions as a percentage of covered employee payroll	10.38%	9.20%	7.99%	7.71%	7.61%	6.96%	7.05%	7.12%

**Town of Murphy, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2021**

	2021	2020	2019	2018	2017
Beginning balance	\$ 194,495	\$ 180,144	\$ 180,164	\$ 141,619	\$ 130,989
Service Cost	15,812	11,992	14,133	12,129	11,515
Interest on the total pension liability	6,341	6,557	5,693	5,466	4,676
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	14,626	(13,693)	(7,444)	3,775	-
Changes of assumptions or other inputs	117,326	9,495	(12,402)	17,175	(5,561)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 348,600</u>	<u>\$ 194,495</u>	<u>\$ 180,144</u>	<u>\$ 180,164</u>	<u>\$ 141,619</u>

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



**Town of Murphy, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2021**

	<b>2021</b>		<b>2020</b>		<b>2019</b>		<b>2018</b>		<b>2017</b>	
Total pension liability	\$	348,600	\$	194,495	\$	180,144	\$	180,164	\$	141,619
Covered payroll		467,670		407,470		414,709		406,255		407,197
Total pension liability as a percentage of covered payroll		74.54%		47.73%		43.44%		44.35%		34.78%

Notes to the schedules:

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

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## Individual Fund Statements and Schedules

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## Major Governmental Funds

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**General Fund** – This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

***Special Revenue Funds:***

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Rural Fire District Fund** – This fund accounts for the ad valorem tax levies of the fire districts in Cherokee County.

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

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes - current year		\$ 989,666	
Taxes - prior years		12,435	
Interest		12,909	
Vehicle taxes		44,312	
Total	\$ 921,000	1,059,322	\$ 138,322
Unrestricted intergovernmental:			
Local option sales taxes		628,031	
Payments in lieu of taxes - outside sources		172,550	
Utility sales tax		67,201	
Beer and wine tax		6,904	
ABC profit distribution		140,000	
Total	740,000	1,014,686	274,686
Restricted intergovernmental:			
Powell Bill allocation		51,785	
ABC revenue for law enforcement		22,000	
Firemen's relief fund		12,682	
Solid waste disposal tax		1,230	
EBCI revenue for fire protection		95,000	
Local grants and contributions		230,340	
Total	170,700	413,037	242,337
Permits and fees:			
Inspection fees		325	
Court costs and fees		843	
Total	300	1,168	868
Sales and services:			
Charges and fees		29,704	
Total	34,850	29,704	(5,146)
Investment earnings	-	3,401	3,401
Miscellaneous:			
Miscellaneous		45,589	
Total	10,000	45,589	35,589
Total revenues	1,876,850	2,566,907	690,057

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

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>			
General government:			
Administration:			
Salaries and employee benefits		307,402	
Other operating expenditures		179,207	
Total general government	502,510	486,609	15,901
Public safety:			
Police:			
Salaries and employee benefits		696,835	
Other operating expenditures		155,444	
Capital outlay		43,965	
Total	953,650	896,244	57,406
Fire:			
Salaries and employee benefits		55,249	
Other operating expenditures		109,928	
Total	190,045	165,177	24,868
Total public safety	1,143,695	1,061,421	82,274
Transportation:			
Streets and highways:			
Salaries and employee benefits		16,243	
Other operating expenditures		196,332	
Capital outlay		101,884	
Total transportation	330,000	314,459	15,541
Environmental protection:			
Sanitation:			
Salaries and employee benefits		113,365	
Other operating expenditures		35,611	
Total	167,750	148,976	18,774
Cemetery maintenance:			
Other operating expenditures		22,670	
Total	25,000	22,670	2,330
Total environmental protection	192,750	171,646	21,104
Cultural and recreation:			
Parks and recreation:			
Other operating expenditures		25,060	
Capital outlay		29,700	
Total	83,500	54,760	28,740
Libraries:			

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

	Budget	Actual	Variance Positive (Negative)
Salaries and employee benefits		151,196	
Other operating expenditures		42,805	
Total	213,340	194,001	19,339
Total cultural and recreation	296,840	248,761	48,079
Debt service:			
Principal retirement	42,780	41,672	1,108
Interest and other charges	72,720	72,257	463
Total debt service	115,500	113,929	1,571
Contingency	-	-	-
Total expenditures	2,581,295	2,396,825	184,470
Revenues over (under) expenditures	(704,445)	170,082	874,527
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds			
Rural Fire District Fund	99,600	99,598	(2)
Insurance Recovery	-	6,738	6,738
Capital lease obligations issued	82,000	81,985	(15)
Total	181,600	188,321	6,721
Revenues over (under) expenditures and other uses	(522,845)	358,403	881,248
Fund balance appropriated	522,845	-	(522,845)
Net change in fund balance	\$ -	358,403	\$ 358,403
Fund balances, beginning		3,482,582	
Fund balances, ending		\$ 3,840,985	

**Town of Murphy, North Carolina**  
**Special Revenue Fund - Rural Fire District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2021**

	Budget Final	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes		\$ 333,885	
Investment earnings		198	
Miscellaneous		8,942	
Total revenues	\$ 317,000	343,025	\$ 26,025
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Salaries and employee benefits		115,631	
Other operating expenditures		64,596	
Capital outlay		162,836	
Total expenditures	380,400	343,063	37,337
Revenues over (under) expenditures	(63,400)	(38)	63,362
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds:			
General Fund	(99,600)	(99,598)	2
Total other financing sources (uses)	(99,600)	(99,598)	2
Fund balance appropriated	163,000	-	(163,000)
Net change in fund balance	\$ -	(99,636)	\$ (99,636)
Fund balances, beginning		606,958	
Fund balances, ending		\$ 507,322	

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## Enterprise Funds

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

**Housing Authority Fund** - This fund is used to account for the Town's Housing Authority operations.

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



**Town of Murphy, North Carolina**  
**Housing Authority Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services			
Dwelling rental		\$ 237,152	
Excess utilities		16,942	
Other operating revenues		2,938	
Total operating revenues	\$ 250,041	257,032	\$ 6,991
<b>NONOPERATING REVENUES</b>			
Investment earnings		1,542	
HUD operating subsidy		292,708	
HUD contributions		190,258	
Total nonoperating revenues	479,399	484,508	5,109
Total revenues	729,440	741,540	12,100
<b>OPERATING EXPENSES</b>			
Administration:			
Salaries and related expenses		189,345	
Payment in lieu of taxes		10,614	
Travel and continuing education		6,000	
Legal and accounting		7,300	
Supplies and other		22,134	
Insurance		17,259	
Collection losses		245	
Total administration	280,950	252,897	28,053
Maintenance and tenant services:			
Salaries and related expenses		99,900	
Materials		71,937	
Contract costs, training and other		81,792	
Utilities		147,254	
Total maintenance and tenant services	448,490	400,883	47,607
Total expenditures	729,440	653,780	75,660
Revenues over expenditures	-	87,760	87,760
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance recovery	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over expenditures and other uses	\$ -	\$ 87,760	\$ 87,760
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ 87,760	
Reconciling items:			
Decrease in accrued vacation pay		(6,953)	
Depreciation		(146,352)	
Total reconciling items		(153,305)	
Change in net position		\$ (65,545)	

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

	Budget	Actual	Variance Positive (Negative)
<b>OPERATING REVENUES</b>			
Water and sewer charges		\$ 1,777,242	
Water and sewer taps and recovery fees		78,815	
Other operating revenues		127,149	
Total operating revenues	\$ 2,030,470	1,983,206	\$ (47,264)
<b>NONOPERATING REVENUES</b>			
Interest earnings		553	
Sale of supplies		26,506	
Total nonoperating revenues	100	27,059	26,959
Total revenues	2,030,570	2,010,265	(20,305)
<b>OPERATING EXPENSES</b>			
Water filter plant			
Salaries and employee benefits		186,291	
Other operating expenditures		115,033	
Capital outlay		47,304	
Travel		300	
Supplies		74,688	
Insurance		5,200	
Contracted services		1,489	
Maintenance		36,524	
Total water filter plant	493,040	466,829	26,211
Water utility maintenance			
Salaries and employee benefits		350,078	
Other operating expenditures		60,529	
Capital outlay		266,730	
Travel		12,929	
Supplies		97,434	
Insurance		8,500	
Contracted services		91,856	
Maintenance		123,677	
Debt service:			
Interest and other charges		8,580	
Principal retirement		72,633	
Total water utility	1,119,846	1,092,946	26,900
Wastewater plant			
Salaries and employee benefits		127,989	
Other operating expenditures		224,810	
Capital outlay		17,152	
Supplies		43,359	
Insurance		5,000	
Contracted services		25,520	
Maintenance		8,369	
Total wastewater	581,410	452,199	129,211
Total expenditures	2,194,296	2,011,974	182,322
Revenues over expenditures	(163,726)	(1,709)	162,017

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

	Budget	Actual	Variance Positive (Negative)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease obligations issued	163,726	163,726	-
Insurance recovery	-	18,894	18,894
Total other financing sources (uses)	163,726	182,620	18,894
Revenues and other sources over expenditures and other uses	\$ -	\$ 180,911	\$ 180,911

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

Revenues and other sources over expenditures and other uses	\$ 180,911
Reconciling items:	
Principal retirement	72,633
Capital outlay	331,186
Capital lease obligations issued	(163,726)
Increase in deferred outflows of resources - pensions	29,280
Increase in net pension liability	(67,572)
Decrease (Increase) in accrued vacation pay	(5,363)
Decrease in deferred inflows of resources - pensions	823
Depreciation	(852,693)
Capital contributions	84,000
Total reconciling items	(571,432)
Change in net position	\$ (390,521)

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## Water and Sewer Capital Project Fund

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**Hiwassee River Sewer Repair Project** - This fund is used to account for the repairs to the Hiwassee River Sewer System. The project is funded by the North Carolina Department of Environmental Quality - Water Pollution Control Revolving Fund and the United States Department of Agriculture - Appalachian Regional Commission Grant Program.

**Town of Murphy, North Carolina**  
**Water and Sewer Capital Project Fund - Hiwassee River Sewer Repair Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2021**

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES</b>					
United States Department of Agriculture:					
Appalachian Regional Commission	\$ 300,000	\$ 57,942	\$ 84,000	\$ 141,942	\$ (158,058)
Total revenues	300,000	57,942	84,000	141,942	(158,058)
<b>EXPENDITURES</b>					
Administration and engineering	172,500	146,500	-	146,500	26,000
Sewer improvements	918,307	665,027	123,712	788,739	129,568
Contingency	3,443	953	-	953	2,490
Total expenditures	1,094,250	812,480	123,712	936,192	158,058
Revenues over (under) expenditures	\$ (794,250)	\$ (754,538)	\$ (39,712)	\$ (794,250)	\$ -
<b>OTHER FINANCING SOURCES (USES)</b>					
Installment purchase obligations issued	794,250	754,538	39,712	794,250	-
Total other financing sources (uses)	794,250	754,538	39,712	794,250	-
Revenues and other sources over (under) expenditures (uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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## Other Schedules

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This section contains additional information required on property taxes and statements of modernization costs.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy - Town - Wide Levy
- Statement of Modernization Cost - Completed (Non-GAAP) - CFP 2019

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

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 1,066,474	\$ 996,678	\$ 69,796
2019-2020	61,810	-	36,818	24,992
2018-2019	26,103	-	10,108	15,995
2017-2018	9,627	-	1,761	7,866
2016-2017	5,050	-	661	4,389
2015-2016	3,416	-	365	3,051
2014-2015	2,386	-	131	2,255
2013-2014	1,342	-	259	1,083
2012-2013	889	-	132	757
2011-2012	1,492	-	458	1,034
2010-2011	285	-	285	-
	<u>\$ 112,400</u>	<u>\$ 1,066,474</u>	<u>\$ 1,047,656</u>	<u>\$ 131,218</u>
Less: allowance for uncollectible accounts				
General Fund				<u>(32,805)</u>
Ad valorem taxes receivable - net				<u>\$ 98,413</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,059,322
Reconciling items:				
Taxes written off				285
Less: interest collected				(12,909)
Other adjustments				958
Subtotal				<u>(11,666)</u>
Total collections and credits				<u>\$ 1,047,656</u>

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

				Total Levy	
	Town - Wide		Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate			
Original levy:					
Property taxed at current	\$ 280,906,842	0.380	\$ 1,067,446	\$ 1,023,217	\$ 44,229
Discoveries - current and prior years	-	0.380	-	-	-
Releases	(255,789)		(972)	(972)	-
Total property valuation	<u>\$ 280,651,053</u>				
Net levy			1,066,474	1,022,245	44,229
Unpaid (by taxpayer) taxes at June 30, 2021			<u>69,796</u>	<u>69,796</u>	<u>-</u>
Current year's taxes collected			<u>\$ 996,678</u>	<u>\$ 952,449</u>	<u>\$ 44,229</u>
Current levy collection percentage			<u>93.46%</u>	<u>93.17%</u>	<u>100.00%</u>



**Town of Murphy, North Carolina**  
**Statement of Modernization Cost - Completed (Non-GAAP)**  
**Capital Fund Program Grant NC 19P03050118 - Operations**  
**For the Year Ended June 30, 2021**

	<b>Project CFP 2018</b>
Funds approved	\$ 1,517
Funds expended	1,517
Excess of funds approved (expended)	<u>\$ -</u>
Funds advanced	\$ 1,517
Funds expended	1,517
Excess of funds advanced (expended)	<u>\$ -</u>

**Town of Murphy, North Carolina**  
**Statement of Modernization Cost - Completed (Non-GAAP)**  
**Capital Fund Program Grant NC 19P03050119 - Operations**  
**For the Year Ended June 30, 2021**

	<b>Project CFP 2019</b>
Funds approved	\$ 188,741
Funds expended	188,741
Excess of funds approved (expended)	<u>\$ -</u>
Funds advanced	\$ 188,741
Funds expended	188,741
Excess of funds advanced (expended)	<u>\$ -</u>

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## Compliance Section

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# Turner & Company CPAs P.A.

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

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## **Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

To the Honorable Mayor and Town Council  
Town of Murphy, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Murphy, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Murphy's basic financial statements, and have issued our report thereon dated February 1, 2022. The financial statements of the Town of Murphy ABC Board were not audited in accordance with *Government Auditing Standards*.

### ***Internal Control over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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



Turner & Company CPAs P.A.  
Murphy, North Carolina  
February 1, 2022

**Town of Murphy, North Carolina**  
**Schedule of Findings and Responses**  
**For the Fiscal Year Ended June 30, 2021**

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**I. Summary of Auditors' Results**

**Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified \_\_\_\_\_yes      **X** no
- Significant deficiency(s) identified \_\_\_\_\_yes      **X** none reported

Noncompliance material to financial statements noted \_\_\_\_\_yes      **X** no

**II. Financial Statement Findings**

None reported.

# *Town of Murphy*

*Tim Radford, Mayor*

*P.O. Box 130*

*Murphy, North Carolina 28906*

*(828) 837-2510 • Fax (828) 837-9612*

*manager@townofmurphync.com*

*Commissioners*

*Frank E. Dickey*

*Barbara Hughes*

*Barry R. McClure*

*Commissioners*

*Charlene Smith*

*Gail Walker Stansell*

*Keisha Dockery*

## **Corrective Action Plan For the Fiscal Year Ended June 30, 2021**

### **II. Financial Statement Findings**

None reported.

# *Town of Murphy*

*Tim Radford, Mayor*

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## **Summary Schedule of Prior Year Audit Findings For the Fiscal Year Ended June 30, 2021**

### **II. Financial Statement Findings**

None reported.