

REVIEWED

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TOWN OF RHODHISS
RHODHISS, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2021

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

Morganton, North Carolina

TOWN OF RHODHISS
TOWN OFFICIALS
JUNE 30, 2021

MAYOR

Allen Spencer

BOARD OF ALDERMEN

Mike Phillips

Carl Compton

Kendra Edwards

Joe Kirby

TOWN MANAGER

Rick Justice

Town of Rhodhiss, North Carolina
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June 30, 2021

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FINANCIAL SECTION

S. Eric Bowman, P.A.

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Independent Auditor's Report

Honorable Mayor and Board of Alderman
Town of Rhodhiss
Rhodhiss, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Rhodhiss

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the Town of Rhodhiss, North Carolina as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, on page 4 through 11 and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 44 and 45 respectively and the Law Enforcement Officer's Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 46 and 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 Rhodhiss's basic financial statements. The individual fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Rhodhiss

The individual fund financial statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and 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 August 2, 2021 on our consideration of the Town of Rhodhiss's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 the effectiveness of 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 Town of Rhodhiss's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "S. Eric Bowman". The signature is fluid and cursive, with a long horizontal stroke at the end.

S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
August 2, 2021

TOWN OF RHODHISS
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Town of Rhodhiss's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Rhodhiss exceeded its liabilities at the close of the fiscal year by \$6 936 939 (*net position*).
- The government's net position increased by \$397 653 primarily due to increases in capital grants in business type activities.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$961 373, or 155 percent of total general fund expenditures for the fiscal year.
- Town of Rhodhiss's total long term debt increased by \$100 552 or 65 percent during the current fiscal year. The key factor in this increase was due to increase in borrowings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts - *management's discussion and analysis* (this section) and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Town's government, reporting the Town's operations in *more detail* than the government-wide statements.
 - The *government funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short* and *long term* financial information about the activities the government operates *like businesses*, such as the water and sewer operation.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1
MAJOR FEATURES OF TOWN OF RHODHISS’S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town government	The activities of the Town that are not proprietary or fiduciary, such as general government and transportation	Activities the Town operates similar to private businesses: the water and sewer operations
Required financial statements	<ul style="list-style-type: none">• Statement of net position• Statement of activities	<ul style="list-style-type: none">• Balance sheet• Statement of revenues, expenditures, and changes in fund balances	<ul style="list-style-type: none">• Statement of net position• Statement of revenues, expenses, and changes in net position• Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town’s *net position* and how they have changed. Net position-the difference between the Town’s total assets and deferred outflows of resources and total liabilities and deferred inflows of resources-is one way to measure the Town’s financial health, or position.

- Over time, increases or decreases in the Town’s *net position* are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town’s property tax base.

The government-wide financial statements of the Town are divided into two categories:

- *Governmental activities* - Most of the Town's basic services are included here, such as administration and transportation. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer activities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*-not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Aldermen establishes other funds to control and manage money for particular purposes.

The Town has two kinds of funds:

- *Governmental funds* - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
 - In fact, the Town's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

Notes to the financial statements provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Also included in this section are budgetary comparison statements for all major governmental funds.

Net position

Net position may serve over time as a useful indicator of a government's financial position. In the case of Town of Rhodhiss, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$6 936 939 at the close of the most recent fiscal year (Table 1).

TABLE 1
NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$1 079 886	\$ 951 473	\$ 505 708	\$ 418 731	\$ 1 585 594	\$1 370 204
Capital Assets	677 134	620 703	4 995 446	4 759 125	5 672 580	5 379 828
Total Assets	1 757 020	1 572 176	5 501 154	5 177 856	7 258 174	6 750 032
Deferred Outflows of Resources	53 340	43 354	17 779	14 451	71 119	57 805
Long-Term Debt Outstanding	95 225	109 527	160 554	45 700	255 779	155 227
Other Liabilities	90 549	63 604	45 975	49 720	136 524	113 324
Total Liabilities	185 774	173 131	206 529	95 420	392 303	268 551
Deferred Inflows of Resources	51				51	
Net Position:						
Net Investment in Capital						
Assets	420 710	511 176	4 834 892	4 713 425	5 255 602	5 224 601
Restricted	95 456	55 711			95 456	55 711
Unrestricted	1 108 369	875 512	477 512	383 462	1 585 881	1 258 974
Total Net Position	\$1 624 535	\$1 442 399	\$5 312 404	\$5 096 887	\$ 6 936 939	\$6 539 286

The largest portion of net position (76%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Town of Rhodhiss uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Rhodhiss's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Change in Net Position

The Town's total revenues were \$1 358 565 at June 30, 2021 (see Table 2). Charge for Services made up 26% of revenues. Property taxes and other taxes made up 18% and 24% of revenues respectively. The Town's expenses cover a range of services with 41% of those expenses being related to water and sewer.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 39 845	\$ 39 115	\$ 312 008	\$ 270 527	\$ 351 853	\$ 309 642
Capital Grants		49 601	300 000		300 000	49 601
Operating Grants and Contributions	79 688	44 484			79 688	44 484
General Revenues:						
Property Taxes	244 411	241 356			244 411	241 356
Other Taxes	332 089	279 277			332 089	279 277
Other	49 327	71 826	1 197	6 093	50 524	77 919
Total Revenues	745 360	725 659	613 205	276 620	1 358 565	1 002 279
<u>Expenses</u>						
General Government	224 426	203 196			224 426	203 196
Public Safety	111 131	153 602			111 131	153 602
Environment Protection	214 838	210 207			214 838	210 207
Transportation	3 541	116 533			3 541	116 533
Cultural and Recreational	6 023	9 046			6 023	9 046
Debt Service	3 265	3 678			3 265	3 678
Water and Sewer			397 688	400 404	397 688	400 404
Total Expenses	563 224	696 262	397 688	400 404	960 912	1 096 666
Increase (Decrease) in Net Position	182 136	29 397	215 517	(123 784)	397 653	(94 387)
Net Position, July 1	1 442 399	1 413 002	5 096 887	5 220 671	6 539 286	6 633 673
Net Position, June 30	\$ 1 624 535	\$ 1 442 399	\$ 5 312 404	\$ 5 096 887	\$ 6 936 939	\$ 6 539 286

Table 3 presents the cost of each of the Town's six largest programs-general government, public safety, environmental protection, transportation, cultural and recreational, and debt service as well as each program's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

- The cost of all *governmental* activities this year was \$563 thousand.
- However, the amount that our taxpayers paid for these activities through Town taxes was \$444 thousand. Some of the cost was paid by:
 - Those are directly benefited from the programs (40 thousand) or
 - Other governments and organizations that subsidized certain programs with grants and contributions (79 thousand).
- The Town paid for the \$444 thousand "public benefit" portion with \$577 thousand in taxes, and with other revenues such as interest and miscellaneous revenues.

TABLE 3
NET COST OF TOWN OF RHODHISS'S GOVERNMENTAL ACTIVITIES
(In Thousands of Dollars)

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General Government	\$ 224	\$ 203	\$ 197	\$ 177
Public Safety	111	154	92	121
Environmental Protection	215	210	175	171
Transportation	4	117	(29)	82
Cultural and Recreational	6	9	6	9
Debt Service	3	3	3	3
Total	<u>\$ 563</u>	<u>696</u>	<u>\$ 444</u>	<u>\$ 563</u>

Business-type Activities

Revenues of the Town's business-type activities totaled \$613 205 with expenses totaling \$397 688 (see Table 2). This produced a surplus of \$215 517.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of Town of Rhodhiss's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing Town of Rhodhiss's financing requirements. Specifically, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Town of Rhodhiss. At the end of the current fiscal year, available fund balance of the General Fund was \$961 373 while total fund balance was \$1 056 829. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 155 percent of total General Fund expenditures, while total fund balance represents 170 percent of that same amount.

At June 30, 2021, the governmental funds of Town of Rhodhiss reported a total fund balance of \$1 056 929. Approximately 9 percent of this amount or \$95 456 is nonspendable or restricted. The net change in fund balance was \$122 667.

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 service. Total amendments changed the General Fund's total budget by \$93 100.

Proprietary Funds. Town of Rhodhiss's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year was \$477 512.

Capital Asset and Debt Administration

Capital assets. Town of Rhodhiss's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$5 672 580 (net of accumulated depreciation). These assets include land, buildings, equipment, vehicles, distribution systems and infrastructure.

Major capital asset transactions during the year include:

- Fire Equipment
- Software
- Construction in Progress - Town Hall
- Construction in Progress - Sewer Lines

Town of Rhodhiss's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 89 567	\$ 89 567	\$	\$	\$ 89 567	\$ 89 567
Construction in Progress	71 632	8 000	400 172		471 804	8 000
Buildings	48 311	50 672			48 311	50 672
Equipment	291 708	291 372		31 197	291 708	322 569
Distribution System			4 562 293	4 727 928	4 562 293	4 727 928
Infrastructure	175 916	181 092	32 981		208 897	181 092
Total	\$ 677 134	\$ 620 703	\$4 995 446	\$4 759 125	\$5 672 580	\$5 379 828

Long-term Debt. As of June 30, 2021, Town of Rhodhiss had the following long term debt outstanding.

Town of Rhodhiss's Outstanding Debt
Revolving Loans and Notes Payable

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revolving Loans	\$ 95 225	\$	\$ 108 765	\$ 45 700	\$ 108 765	\$ 45 700
Notes Payable		109 527	51 789		147 014	109 527
Total	\$ 95 225	\$109 527	\$ 160 554	\$ 45 700	\$ 255 779	\$ 155 227

The State of North Carolina limits 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 the government's boundaries. The legal debt margin for Town of Rhodhiss is \$3 216 366.

Ad Valorem and Vehicle tax collections. The Town maintained a tax collection rate of 95.35%. the state wild average in fiscal year 2021 was 98.96%.

Financial Highlights for the next Fiscal Year Ending June 30, 2022

Governmental Activities: The General Fund's expenditures are expected to increase approximately 8 percent due to increases in street expenditures and capital outlay. The Town is beginning a scattered site housing project to be funded with CDBG grant funds. The total project cost is estimated to be \$750 000.

Business-type Activities: Water and sewer operating expenditures will increase by approximately 2.5 percent to be offset by increase in rates.

Economic Factors and Next Year's Budgets and Rates

The Town has decided not to increase tax rates for the next fiscal year as no fund balance is expected to be used to balance the budget.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Rhodhiss, P. O. Box 40, Rhodhiss, NC 28667.

TOWN OF RHODHISS
STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit 1

	Total Government		
	Business -		
Assets	Governmental	Type	Total
	Activities	Activities	
Current Assets:			
Cash and Cash Equivalents	\$ 972 806	\$ 448 041	\$ 1 420 847
Restricted Cash and Cash Equivalents	32 647	22 950	55 597
Receivables (Net of Allowance For Uncollectibles	75 698	33 452	109 150
Internal Advances	(1 265)	1 265	
Total Current Assets	1 079 886	505 708	1 585 594
Non Current Assets:			
Capital Assets:			
Land and Construction in Progress	161 199	400 172	561 371
Other Capital Assets, Net of Depreciation	515 935	4 595 274	5 111 209
Total Noncurrent Assets	677 134	4 995 446	5 672 580
Total Assets	1 757 020	5 501 154	7 258 174
Deferred Outflows of Resources	53 340	17 779	71 119
Liabilities:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	10 068	451	10 519
Customer Deposits		22 950	22 950
Current Portion of Long Term Debt	14 729	19 536	34 265
Compensated Absences	14 696	687	15 383
Total Current Liabilities	39 493	43 624	83 117
Non Current Liabilities:			
Non Current Portion of Long Term Debt	80 496	141 018	221 514
Net Pension Liability	65 662	21 887	87 549
Total Pension Liability	123		123
Total Noncurrent Liabilities	146 281	162 905	309 186
Total Liabilities	185 774	206 529	392 303
Deferred Inflows of Resources	51		51
Net Position			
Net Investment in Capital Assets	420 710	4 834 892	5 255 602
Restricted For:			
Streets	32 647		32 647
Stabilization by State Statute	62 809		62 809
Unrestricted	1 108 369	477 512	1 585 881
Total Net Position	\$ 1 624 535	\$ 5 312 404	\$ 6 936 939

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

TOWN OF RHODHISS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			(Net Expense) Revenues and Changes in Net Position		
		Charges For Services	Capital Grants	Operating Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 224 426	\$	\$	\$ 28 115	\$ (196 311)	\$	\$ (196 311)
Public Safety	111 131			19 028	(92 103)		(92 103)
Environmental Protection	214 838	39 845			(174 993)		(174 993)
Transportation	3 541			32 545	29 004		29 004
Cultural and Recreational	6 023				(6 023)		(6 023)
Debt Service	3 265				(3 265)		(3 265)
Total Governmental Activities	<u>563 224</u>	<u>39 845</u>		<u>79 688</u>	<u>(443 691)</u>		<u>(443 691)</u>
Business-Type Activities:							
Water and Sewer	<u>397 688</u>	<u>312 008</u>	<u>300 000</u>			<u>214 320</u>	<u>214 320</u>
Total Government	<u>\$ 960 912</u>	<u>\$ 351 853</u>	<u>\$ 300 000</u>	<u>\$ 79 688</u>	<u>(443 691)</u>	<u>214 320</u>	<u>(229 371)</u>
General Revenues:							
Taxes:							
Property Taxes					244 411		244 411
Local Option Sales					332 089		332 089
Investment Earnings					311	166	477
Miscellaneous					<u>49 016</u>	<u>1 031</u>	<u>50 047</u>
Total General Revenues					<u>625 827</u>	<u>1 197</u>	<u>627 024</u>
Changes in Net Position					182 136	215 517	397 653
Net Position - Beginning					<u>1 442 399</u>	<u>5 096 887</u>	<u>6 539 286</u>
Net Position - Ending					<u>\$ 1 624 535</u>	<u>\$ 5 312 404</u>	<u>\$ 6 936 939</u>

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

TOWN OF RHODHISS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit 3

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 972 706	\$ 100	\$ 972 806
Restricted Cash and Cash Equivalents	32 647		32 647
Receivables, Net	62 809		62 809
Property Tax Receivable, Net	<u>12 889</u>		<u>12 889</u>
 Total Assets	 <u>\$1 081 051</u>	 <u>\$ 100</u>	 <u>\$ 1 081 151</u>
<u>Liabilities</u>			
Accounts Payable and Accrued			
Liabilities	\$ 10 068	\$	\$ 10 068
Due to Other Funds	<u>1 265</u>		<u>1 265</u>
 Total Liabilities	 <u>11 333</u>		 <u>11 333</u>
<u>Deferred Inflows of Resources</u>			
Unavailable Property Taxes	<u>12 889</u>		<u>12 889</u>
<u>Fund Balances</u>			
Restricted For:			
Streets	32 647		32 647
Stabilization by State Statute	62 809		62 809
Assigned To:			
Future Economic Development		100	100
Unassigned	<u>961 373</u>		<u>961 373</u>
 Total Fund Balances	 <u>1 056 829</u>	 <u>100</u>	 <u>1 056 929</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$1 081 051</u>	 <u>\$ 100</u>	 <u>\$ 1 081 151</u>

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

TOWN OF RHODHISS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds		\$ 677 134
Deferred outflows of resources related to pensions are not reported in the funds		53 340
Liabilities for earned revenues are considered deferred inflows of resources in the fund statements		12 889
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Total Pension Liability	\$ (123)	
Net Pension Liability	(65 662)	
Notes Payable	(95 225)	
Compensated Absences	(14 696)	
Deferred Inflows of Resources	(51)	(175 757)
Fund Balance - Governmental Funds (Exhibit 3)		<u>1 056 929</u>
Net Position of Governmental Activities (Exhibit 3)		<u>\$ 1 624 535</u>

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

TOWN OF RHODHISS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Fund
<u>Revenues</u>			
Taxes:			
Property	\$ 243 053	\$	\$ 243 053
Local Option Sales	332 089		332 089
Intergovernmental	120 048		120 048
Charges for Services	39 845		39 845
Investment Earnings	311		311
Miscellaneous	8 656		8 656
	<hr/>	<hr/>	<hr/>
Total Revenues	744 002		744 002
	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>			
Current:			
General Government	303 421		303 421
Public Safety	109 727		109 727
Environmental Protection	188 961		188 961
Transportation			
Cultural and Recreational	1 559		1 559
Debt Service	17 567		17 567
	<hr/>	<hr/>	<hr/>
Total Expenditures	621 235		621 235
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	122 767		122 767
	<hr/>	<hr/>	<hr/>
<u>Other Financing Sources (Uses);</u>			
Transfers	(100)	100	
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	122 667	100	122 767
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Beginning of Year	934 162		934 162
	<hr/>	<hr/>	<hr/>
End of Year	\$ 1 056 829	\$ 100	\$ 1 056 929
	<hr/>	<hr/>	<hr/>

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

TOWN OF RHODHISS
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

Net change in fund balances - Governmental Funds (Exhibit 4)	\$ 122 767
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Amounts reported for *Governmental Activities* in the
Statement of Activities (Exhibit 2) are different
because:

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 \$129 301 was more than depreciation of \$72 870 in the current period.	56 431
Contributions to the Pension Plan in the current fiscal year are not included in the Statement of Activities	17 005
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds-Ad Valorem Taxes.	1 358
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	(2 590)
- Pension Expense	(27 137)
Principal payments on debt owed are recorded as a use of funds in the fund statements but affect only the statement of net assets in the government-wide statements	<u>14 302</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 182 136</u>

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

TOWN OF RHODHISS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variances With Final Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 235 700	\$ 235 700	\$ 243 053	\$ 7 353
Local Option Sales Tax	218 000	218 000	332 089	114 089
Unrestricted Intergovernmental	38 800	38 800	40 360	1 560
Restricted Intergovernmental	50 000	78 000	79 688	1 688
Sales and Services	39 000	39 000	39 845	845
Investment Earnings	3 100	3 100	311	(2 789)
Miscellaneous	1 000	1 000	8 656	7 656
Total Revenues	<u>585 600</u>	<u>613 600</u>	<u>744 002</u>	<u>130 402</u>
Expenditures:				
Current:				
General Government	222 124	335 124	303 421	31 703
Public Safety	150 600	150 600	109 727	40 873
Environmental Protection	194 144	194 144	188 961	5 183
Transportation	30 400	10 400		10 400
Cultural and Recreational	5 000	5 000	1 559	3 441
Debt Service	17 567	17 567	17 567	
Total Expenditures	<u>619 835</u>	<u>712 835</u>	<u>621 235</u>	<u>91 600</u>
Revenues Over (Under) Expenditures	<u>(34 235)</u>	<u>(99 235)</u>	<u>122 767</u>	<u>222 002</u>
Other Financing Sources (Uses):				
Appropriated Fund Balance	34 235	99 335		(99 335)
Transfers		(100)	(100)	
Total Other Financing Sources (Uses)	<u>34 235</u>	<u>99 235</u>	<u>(100)</u>	<u>(99 335)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$</u>	<u>\$</u>	<u>\$ 122 667</u>	<u>\$ 122 667</u>
Fund Balance:				
Beginning of Year, July 1			934 162	
End of Year, June 30			<u>\$ 1 056 829</u>	

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

TOWN OF RHODHISS
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2021

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>June 30,</u> <u>2021</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash	\$ 448 041
Restricted Cash	22 950
Accounts Receivable - Net	33 452
Due from Other Funds	<u>1 265</u>
Total Current Assets	<u>505 708</u>
<u>Noncurrent Assets:</u>	
Fixed Assets - Net	<u>4 995 446</u>
Total Assets	<u>5 501 154</u>
<u>Deferred Outflows of Resources</u>	<u>17 779</u>
<u>LIABILITIES AND NET POSITION</u>	
<u>Current Liabilities:</u>	
Accounts Payable and Accrued Liabilities	451
Customer Deposits	22 950
Accrued Vacation Pay	687
Current Portion of Long Term Debt	<u>19 536</u>
Total Current Liabilities	<u>43 624</u>
<u>Noncurrent Liabilities:</u>	
Noncurrent Portion of Long Term Debt	141 018
Net Pension Liability	<u>21 887</u>
Total Noncurrent Liabilities	<u>162 905</u>
Total Liabilities	<u>206 529</u>
<u>Net Position</u>	
Net Investment in Capital Assets	4 834 892
Unrestricted	<u>477 512</u>
Total Net Position	<u>\$5 312 404</u>

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

TOWN OF RHODHISS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund Water and Sewer</u>
Operating Revenues	
Charges for Services	<u>\$ 312 008</u>
Operating Expenses:	
Water and Sewer Operations	226 437
Depreciation	<u>171 251</u>
Total Operating Expenses	<u>397 688</u>
Operating Income (Loss)	<u>(85 680)</u>
Non-Operating Revenues (Expenses):	
Interest Earned on Investments	166
Other	<u>1 031</u>
Total Non-Operating Revenues (Expenses)	<u>1 197</u>
Income (Loss) Before Capital Contributions	(84 483)
Capital Contributions	<u>300 000</u>
Change in Net Position	215 517
Net Position - July 1	<u>5 096 887</u>
Net Position - June 30	<u>\$5 312 404</u>

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

TOWN OF RHODHISS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Enterprise Fund Water and Sewer</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 306 186
Cash Paid for Goods and Services	(66 388)
Cash Paid for Employees and Benefits	(166 695)
Customer Deposits Received (Refunded)	<u>(427)</u>
Net Cash Provided (Used) by Operating Activities	<u>72 676</u>
Cash Flows From Capital and Related Financing Activities:	
Grants Received	300 000
Debt Principal Paid	(4 570)
Acquisition and Construction of Capital Assets	(407 572)
Financing Proceeds	<u>119 424</u>
Total Cash Flows From Capital and Related Financing Activities	<u>7 282</u>
Cash Flows From Noncapital Financing Activities:	
Interfund Activity	<u>(1 265)</u>
Cash Flows From Investing Activities:	
Interest Earned on Investments	166
Other	<u>1 031</u>
Total Cash Flows From Investing Activities	<u>1 197</u>
Net Increase (Decrease) in Cash and Cash Equivalents	79 890
Cash and Cash Equivalents - Beginning of Year	<u>391 101</u>
Cash and Cash Equivalents - End of Year	<u>\$ 470 991</u>
Reconciliation of Operating Income to	
Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (85 680)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	171 251
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(5 822)
Increase (Decrease) in Customer Deposits	(427)
Increase (Decrease) in Accounts Payable	(6 927)
Increase (Decrease) in Accrued Vacation Pay	(3 072)
(Increase) Decrease in Deferred Outflows - Pensions	(3 328)
Increase (Decrease) in Net Pension Liability	<u>6 681</u>
Total	<u>158 356</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 72 676</u>

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

TOWN OF RHODHISS, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

I. Summary of Significant Accounting Policies:

The accounting policies of Town of Rhodhiss 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 Rhodhiss is a municipal corporation which is governed by an elected mayor and a four member board of aldermen.

B. Basis of Presentation:

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a 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 funds, if any, 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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 general government, street maintenance and public safety.

Special Revenue Fund. The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The town has one Special Revenue Fund - the Community Development Block Grant Project. There have been no expenditures incurred thus far on this project.

The Town reports the following major enterprise fund:

Water and Sewer Fund. The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Water and sewer capital projects, if any, are included in the Water and Sewer Capital Project Fund.

C. Measurement Focus, 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 eligibility requirements have been satisfied.

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 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 Rhodhiss because the tax is levied by Burke and Caldwell Counties 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. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursements grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

Budget - Budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the general and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for all capital project funds and for the Town's special revenue fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for capital project funds. During the year several board approved amendments to the original budget were necessary.

Encumbrances - Under North Carolina General Statutes, the Town is not required to maintain encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. At June 30, 2021 there were no open purchase orders outstanding.

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

1. Deposits:

All deposits of the Town are made in board-designated official depositories and are collateralized as required by G.S. 159-31. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents:

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

3. Restricted Assets:

Powell bill funds are classified as restricted cash because it can only be expended for maintaining, repairing, construction, reconstruction or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any service is rendered is also restricted.

Town of Rhodhiss Restricted Cash

Governmental Activities

Streets	\$ 32 647
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Business-type Activities

Water and Sewer Fund	
Customer Deposits	<u>22 950</u>

Total	<u>\$ 55 597</u>
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4. Ad Valorem Taxes Receivable:

In accordance with [G.S. 105-347 and G.S. 159-13(a)], ad valorem taxes are levied on July 1, the beginning of the fiscal year and are due on September 1; however, interest does not accrue until the following January 6. These taxes levied are based on the assessed values as of January 1, 2020.

5. Allowances for Doubtful Accounts:

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

6. Capital Assets:

Capital assets are defined by the government as assets with an initial, individual cost of more than \$1 000 and an estimated useful life in excess of one year. 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. Beginning July 1, 2003 general infrastructure costs are capitalized as incurred. The Town has set a threshold of \$10 000 for capitalizing infrastructure. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	40
Buildings	30-40
Vehicles	5
Furniture and equipment	5-7
Distribution Systems	25-40

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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, contributions made to the pension plan in the 2021 fiscal year. In addition to liabilities, the statement of net 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 no items that meets the criterion for this category in the government wide statements. The funds statements also reports an additional deferred inflow - property taxes receivable.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 premium or discount. Bond issuance 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, the face amount of debt issued is reported as an other financing source. 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.

9. Compensated Absences

Full-time employees shall earn paid vacation according to his/her length of service as follows:

<u>Length of Service</u>	<u>Vacation Leave Equivalent</u>
0 Years - 4 Years	10 Workdays
5 Years - 9 Years	12 Workdays
10 Years - 14 Years	15 Workdays
15 Years - 19 Years	18 Workdays
20 Years plus	20 Workdays

For full-time employees, vacation pay is a maximum of 80 hours per year and 30 days may be carried over.

For full-time employees, sick pay is accumulated at the rate of twelve days per year. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS),

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

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

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

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

Assigned for Future Economic Development - portion of fund balance set aside for economic development.

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.

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

For purposes of fund balance classifications, funds are to be spent from restricted fund balance first followed by committed fund balance, assigned fund balance and last unassigned fund balance.

11. Uses of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Defined Benefit Cost Sharing Plans

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 Rhodhiss's employer contributions are recognized when due and the Town of Rhodhiss has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Detail Notes on All Funds:

A. Assets:

1. Deposits - All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with security held by the Town'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, these deposits are considered to be held by the Town'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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, 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 policy regarding custodial credit risk for deposits. At year-end, the Town's deposits had a carrying amount of \$975 734 and a bank balance of \$992 480. The entire bank balance was covered by federal depository insurance or other sufficient collateral under the pooling method.
- 1a. Investments - At June 30, 2021, the Town of Rhodhiss had \$500 710 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poors and AAAM-mf by Moody's Investors Services. The town has no policy regarding credit risk.

2. Receivables - Allowances for Doubtful Accounts - The receivables shown in the Balance Sheet and Statement of Net Position are presented net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2021</u>
General Fund - Property Taxes	<u>\$ 31 560</u>
Enterprise Fund - Utility Bills	<u>\$ 3 000</u>

Receivables - Net of Allowances

Accounts receivable at June 30, 2021 was as follows at the government wide level:

<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
<u>\$ 9 067</u>	<u>\$ 33 452</u>	<u>\$ 12 889</u>	<u>\$ 53 742</u>	<u>\$ 109 150</u>

3. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 89 567	\$	\$	\$ 89 567
Construction in Progress	<u>8 000</u>	<u>63 632</u>		<u>71 632</u>
Total Capital assets not being depreciated	<u>97 567</u>	<u>63 632</u>		<u>161 199</u>
Capital assets being depreciated:				
Buildings	83 723			83 723
Vehicles	559 529			559 529
Equipment	271 686	65 669		337 355
Infrastructure	<u>207 042</u>			<u>207 042</u>
Total capital assets being depreciated	<u>1 121 980</u>	<u>65 669</u>		<u>1 187 649</u>
Less accumulated depreciation for:				
Buildings	33 051	2 361		35 412
Vehicles	339 354	48 116		387 470
Equipment	200 489	17 217		217 706
Infrastructure	<u>25 950</u>	<u>5 176</u>		<u>31 126</u>
Total accumulated Depreciation	<u>598 844</u>	<u>72 870</u>		<u>671 714</u>
Total capital assets being depreciated, net	<u>523 136</u>	<u>(7 201)</u>		<u>515 935</u>
Governmental activity capital assets, net	<u>620 703</u>	<u>\$ 56 431</u>	<u>\$</u>	<u>\$ 677 134</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 4 404
Public Safety	38 607
Environmental Protection	21 854
Transportation	3 541
Cultural and Recreation	<u>4 464</u>
Total	<u>\$ 72 870</u>

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Construction In Progress	\$	\$ 400 172	\$	\$ 400 172
Capital assets being depreciated:				
Distribution Systems	6 484 590			6 484 590
Equipment	<u>90 965</u>	<u>7 400</u>		<u>98 365</u>
Total capital assets being depreciated	<u>6 575 555</u>	<u>7 400</u>		<u>6 582 955</u>
Less accumulated depreciation for:				
Distribution Systems	1 756 662	165 635		1 922 297
Equipment	<u>59 768</u>	<u>5 616</u>		<u>65 384</u>
Total accumulated depreciation	<u>1 816 430</u>	<u>171 251</u>		<u>1 987 681</u>
Total capital assets being depreciated, net	<u>4 759 125</u>	<u>(163 851)</u>		<u>4 595 274</u>
Water and Sewer fund capital assets, net	<u>\$4 759 125</u>	<u>\$ 236 321</u>	<u>\$</u>	<u>\$4 995 446</u>

III. Detail Notes on All Funds - Continued

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employee's Retirement System

Plan Description - Effective October 1, 2020 the Town of Rhodhiss became a participating employer in the statewide Local Governmental Employee's 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 Government 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided - LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor' 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' 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 Rhodhiss 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 Rhodhiss's contractually required contribution rate for the year ended June 30, 2021, was 10.15% of compensation for general employees, and 10.69% for law enforcement officers, 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 Rhodhiss were \$22 673 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 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.

- b. 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 \$87 549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.0025%, which was an increase of 0.0003% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$13 409. 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	\$ 11 056	\$
Changes of assumptions	6 515	
Net difference between projected and actual earnings on pension plan investments	12 320	
Changes in proportion and differences between Town contributions and proportionate share of contributions	18 555	
Town contributions subsequent to the Measurement date	22 673	
Total	<u>\$ 71 119</u>	<u>\$ - 0 -</u>

\$22 673 reported as deferred outflows of resources related to Pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase in 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	\$ 14 618
2023	17 407
2024	12 775
2025	3 646
Total	<u>\$ 48 446</u>

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

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

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$177 627	\$ 87 549	\$ 12 688

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

b. Law Enforcement Officers Special Separation Allowance

- (1) Plan Description - Town of Rhodhiss 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 Town law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	- 0 -
Terminated plan members entitled to but not yet receiving benefits	- 0 -
Active plan members	<u>1</u>
Total	<u>1</u>

II. Detail Notes on All Funds - Continued

(2) Summary of Significant Accounting Policies

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

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

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

Inflation	2.5 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

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

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

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

At June 30, 2021, the Town reported a total pension liability of \$123. 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 \$76.

II. Detail Notes on All Funds - Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 1
Changes of assumptions		<u>50</u>
Total	<u>\$ - 0 -</u>	<u>\$ 51</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower (.093 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (.093%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 126	\$ 123	\$ 121

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

	<u>2021</u>
Beginning balance	\$ 98
Service Cost	92
Interest on the total pension liability	3
Changes of benefit terms	
Differences between expected and actual experience in the measurement of the total pension liability	(2)
Changes of assumptions or other inputs	(68)
Benefit payments	
Other Changes	
Ending balance of the total pension liability	<u>\$ 123</u>

II. Detail Notes on All Funds - Continued

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

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

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 13 409	\$ 76	\$ 13 485
Pension Liability	87 549	123	87 627
Proportionate share of the net pension liability	0.0025	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	11 056		11 056
Changes of Assumptions	6 515		6 515
Net difference between projected and actual earnings on plan investments	12 320		12 320
Changes in proportion and differences between contributions and proportionate share of contributions	18 555		18 555
Benefit payments and administrative costs paid subsequent to the measurement date			
Contributions Subject to measurement date	<u>22 673</u>	<u></u>	<u>22 673</u>
Total Deferred Outflows of Resources	<u>\$ 71 119</u>	<u>\$</u>	<u>\$ 71 119</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$	\$ 1	\$ 1
Changes of Assumptions		50	50
Net differences between projected and actual earnings on plan investments			
Changes in proportionate and differences between contributions and proportionate share of contributions	<u></u>	<u></u>	<u></u>
Total Deferred Inflows of Resources	<u>\$ -0-</u>	<u>\$ 51</u>	<u>\$ 51</u>

II. Detail Notes on All Funds - Continued

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 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 made contributions of \$1 182 for the reporting year. No amounts were forfeited.

2. Payables - Payables and accrued liabilities at June 30, 2021 were as follows at the government-wide level:

	<u>Vendors</u>	<u>Benefits</u>	<u>Total</u>
Governmental Activities	\$ 3 080	\$ 6 938	\$ 10 068
Business-Type Activities	\$	\$ 451	\$ 451

3. Deferred Outflows/Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contribution to LGERS made subsequent to measurement dates	\$ 22 673
Differences between expected and actual experience	11 056
Changes of assumptions	6 515
Changes in proportion and differences between contributions and proportionate share of contributions	18 555
Net difference between projected and actual	12 320
Total	<u>\$ 71 119</u>

II. Detail Notes on All Funds - Continued

Deferred Inflows of Resources at year-end is comprised as follows:

	<u>Fund Statement</u>	<u>Government Wide</u>
Changes in assumptions	\$	\$ 1
Taxes receivable, less penalties (General Fund)	12 889	
Differences between expected and actual experience		50
Changes in proportion and differences between employer contributions and proportionate share of contributions		
Total	<u>\$ 12 889</u>	<u>\$ 51</u>

III. Interfund Fund Balances and Activity

a. Balances due to/from other funds consist of the following:

	<u>Receivable</u>	<u>Payable</u>
General Fund		\$ 1 265
Enterprise Fund	<u>\$ 1 265</u>	
Total	<u>\$ 1 265</u>	<u>\$ 1 265</u>

The Interfund balances resulted from a posting error correction to be paid back within the next year.

b. Transfers in (out) for the year ended June 30, 2021 are summarized below:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 100
Special Revenue Fund	<u>\$ 100</u>	
Total	<u>100</u>	<u>\$ 100</u>

Transfers from the general fund to the CDBG Special Revenue Fund were for local funding.

4. Risk Management - The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town has property coverage up to \$1 485 796, worker's compensation coverage of up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims of \$500 000 for property and \$300 000 up to statutory limit, for worker's compensation. The pools are insured for annual employee health claims in excess of \$150 000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance value. The Town carries commercial coverage for all other risk of loss. Claims have not exceeded coverage in any of the past three years. The Town does not maintain flood insurance at this time.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50 000. The remaining employees that have access to funds are bonded under a blanket bond of \$15 000.

5. Long-Term Obligations

The Town had the following debt at June 30, 2021:

Description	Cost	Date	Term	Rate	Payment Amount
General Fund - Direct Placement Installment Purchase - BB&T	\$ 150 000	06-09-17	10 Years	2.9%	\$ 17 567 Annual
Enterprise Fund: Drinking Water Direct Placement Revolving Loan	182 801	05-01-10	40 Years	0.0%	\$ 4 570 Annual
Clean Water Direct Placement Revolving Loan	100 000	05-17-21	20 Years	0.0%	\$ 5 000 Annual

Installment Purchase - In June 23, 2021, the Town entered into a \$51 789 direct placement installment purchase to finance the purchase of utility fund equipment. The financing contract requires annual payment of \$10 965 including interest at 1.93%. The equipment is pledged as collateral for the debt.

At June 30, 2021 the amount of loan proceeds drawn down on the Clean Water loan was \$67 635. Funding not yet drawn down of \$32 365 is included in the annual requirements to amortize, totals of \$100 000.

Installment Purchase - In June, 2017, the Town entered into a \$150 000 direct placement installment purchase to finance the purchase of a garbage truck . The financing contract requires annual payments of \$17 567 including interest at 2.9 percent. The truck is pledged as collateral for the debt.

Revolving Loan - All revolving loans are collateralized by the faith, credit and taxing power of the town.

The following totals summarizes the annual requirement to amortize all long term obligations:

	<u>Enterprise</u> <u>Drinking Water Direct</u> <u>Placement Revolving Loan</u>		<u>Enterprise</u> <u>Clean Water Direct</u> <u>Placement Revolving Loan</u>		<u>Enterprise</u> <u>Direct Placement</u> <u>Installment Obligation</u>		<u>General</u> <u>Direct Placement</u> <u>Installment Obligation</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 4 570	\$	\$ 5 000	\$	\$ 9 966	\$ 1 000	\$ 14 729	\$ 2 838	\$ 34 265	\$ 3 838
2023	4 570		5 000		10 158	807	15 168	2 399	34 896	3 206
2024	4 570		5 000		10 354	611	15 620	1 947	35 544	2 558
2025	4 570		5 000		10 554	411	16 085	1 481	36 209	1 892
2026	4 570		5 000		10 757	208	16 565	1 002	36 892	1 210
2027-31	18 280		25 000				17 058	508	60 338	508
2032-36			25 000						25 000	
2037-41			25 000						25 000	
Total	<u>\$ 41 130</u>	<u>\$</u>	<u>\$ 100 000</u>	<u>\$</u>	<u>\$ 51 789</u>	<u>\$ 3 037</u>	<u>\$ 95 225</u>	<u>\$ 10 175</u>	<u>\$ 288 144</u>	<u>\$ 13 212</u>

6. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30,2021:

<u>Governmental Activity:</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
Net Pension Liability (LGERS)	\$ 45 620	\$ 20 042	\$	\$ 65 662	
Total Pension Liability (LEO)	98	25		123	
Direct Placement Installment Purchases	<u>109 527</u>	<u></u>	<u>14 302</u>	<u>95 225</u>	<u>14 729</u>
Totals	<u>\$ 155 245</u>	<u>\$ 20 067</u>	<u>\$ 14 302</u>	<u>\$ 161 010</u>	<u>\$ 14 729</u>
<u>Business Type Activity:</u>					
Net Pension Liability (LGERS)	\$ 15 206	\$ 6 681	\$	\$ 21 887	\$
Direct Placement Installment Purchase		51 789		51 789	9 966
Direct Placement Drinking Water Revolving Loan	45 700		4 570	41 130	4 570
Direct Placement Clean Water Revolving Loan	<u></u>	<u>67 635</u>	<u></u>	<u>67 635</u>	<u>5 000</u>
Totals	<u>\$ 60 906</u>	<u>\$ 126 105</u>	<u>\$ 4 570</u>	<u>\$ 182 441</u>	<u>\$ 19 536</u>

At June 30, 2021, the Town had a legal debt margin of \$3 216 366.

7. Fund Balance

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

Total Fund Balance - General Fund	\$ 1 056 929
Less:	
Streets	(32 647
Stabilization by State Statute	<u>(62 809)</u>
Remaining Fund Balance	<u>\$ 961 473</u>

8 Subsequent Events

Subsequent events have been evaluated through August 2, 2021, which is the date the financial statements were available to be issued.

IV. Jointly Governed Organization

Western Piedmont Council of Governments - Western Piedmont Council of Governments (WPCOG) is a regional planning organization. It consists of twenty-four municipalities and four counties within western North Carolina. WPCOG's governing board is comprised of one elected official from each of these local governments and seven at-large citizen members. Each local government has one vote. The town paid fees of \$6 428 during fiscal year ended June 30, 2021.

V. Summary Disclosure of Significant Contingencies:

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

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>
Rhodhiss's proportion of the net pension liability (asset) (%)	.0002%	.0022%
Rhodhiss's proportion of the net pension liability (asset) (\$)	\$ 87 549	\$ 60 826
Rhodhiss's covered-employee payroll	\$ 116 336	\$ 211 294
Rhodhiss's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.26%	28.79%
Plan fiduciary net position as a percentage of the total pension liability **	88.61%	91.63%

* 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.

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

Town of Rhodhiss, North Carolina
Town of Rhodhiss's Contributions
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 22 673	\$ 19 043
Contributions in relation to the contractually required contribution	<u>22 673</u>	<u>19 043</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>
Rhodhiss's covered-employee payroll	\$ 222 023	\$ 116 336
Contributions as a percentage of covered-employee payroll	10.21%	16.37%

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

Town of Rhodhiss
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Two Fiscal Years

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 98	\$
Service Cost	92	97
Interest on the total pension liability	3	
Changes of benefit terms		
Differences between expected and actual experience in the measurement of the total pension liability	(2)	
Changes of assumptions or other inputs	(68)	1
Benefit payments		
Other Changes		
Ending balance of the total pension liability	<u>\$ 123</u>	<u>\$ 98</u>

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

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

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

	2021	2020
Total Pension Liability	\$ 123	\$ 98
Covered Payroll	25 340	27 510
Total pension liability as a percentage of covered payroll	.49%	.36%

Notes to the schedules:

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

This required supplementary information is intended to show information for ten years. Additional years information will be displayed as it becomes available.

TOWN OF RHODHISS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET & ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Ad Valorem Taxes:				
Current Year	\$ 229 700	\$ 227 614	\$ (2 086)	\$ 224 775
Prior Years	5 000	14 427	9 427	11 167
Penalties and Interest	1 000	3 206	2 206	2 473
Discounts		(2 194)	(2 194)	(1 125)
Total	<u>235 700</u>	<u>243 053</u>	<u>7 353</u>	<u>237 290</u>
Other Taxes and Licenses:				
Local Option Sales Tax	218 000	253 474	35 474	210 907
Hold Harmless		78 615	78 615	68 370
Total	<u>218 000</u>	<u>332 089</u>	<u>114 089</u>	<u>279 277</u>
Unrestricted Intergovernmental Revenues:				
Solid Waste Tax	800	823	23	838
Utility Sales Tax	38 000	39 537	1 537	40 790
Total	<u>38 800</u>	<u>40 360</u>	<u>1 560</u>	<u>41 628</u>
Restricted Intergovernmental Revenues:				
Powell Bill Allocation	30 000	32 545	2 545	34 517
Grants	48 000	47 143	(857)	59 568
Total	<u>78 000</u>	<u>79 688</u>	<u>1 688</u>	<u>94 085</u>
Sales and Services:				
Police Fees		5	5	34
Sanitation	39 000	39 840	840	39 081
Total	<u>39 000</u>	<u>39 845</u>	<u>845</u>	<u>39 115</u>
Investment Earnings:				
Interest Earned	3 100	311	(2 789)	1 835
Miscellaneous:				
Contributions		3 700	3 700	8 339
Insurance Reimbursements				12 962
Other	1 000	4 956	3 956	7 062
Total	<u>1 000</u>	<u>8 656</u>	<u>7 656</u>	<u>28 363</u>
Total Revenues	<u>613 600</u>	<u>744 002</u>	<u>130 402</u>	<u>721 593</u>

	2021		Variance Favorable (Unfavorable)	2020 Actual
	Budget	Actual		
Expenditures:				
General Government:				
Administration:				
Salaries & Benefits	\$	\$ 132 134	\$	\$ 102 682
Advertising		452		1 284
Travel & Training		493		1 950
Professional Services		23 919		20 504
Telephone and Postage		4 830		4 474
Utilities		2 039		1 693
Dues and Subscriptions		7 181		5 762
Insurance and Bonds		10 752		13 904
Maintenance		1 985		707
Departmental Supplies		1 908		6 005
Elections				4 374
Administration Fees		4 943		4 853
Contracted Services		13 039		18 922
Miscellaneous		9 031		12 695
Capital Outlay		90 715		8 784
Total General Government	335 124	303 421	31 703	208 593
Public Safety:				
Police:				
Salaries & Benefits		28 693		28 710
Telephone and Postage		2 836		3 013
Insurance		5 856		5 301
Uniforms				1 909
Supplies		1 861		3 726
Utilities		1 342		1 493
Repairs and Maintenance		60		669
Travel and Training		150		426
Miscellaneous				50
Total	55 588	40 798	14 790	45 297

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Fire Department:				
Salaries & Benefits		7 564		7 818
Insurance and Bonds		8 498		11 099
Supplies		5 107		6 637
Utilities		1 762		1 494
Telephone and Postage		3 031		2 702
Repairs and Maintenance		3 333		35 602
Dues and Subscriptions		625		655
Training		90		7 050
Miscellaneous		333		2 460
Uniforms				240
Capital Outlay		38 586		55 698
Total	95 012	68 929	26 083	131 455
Total Public Safety	150 600	109 727	40 873	176 752
Environmental Protection:				
Public Works:				
Salaries & Benefits		112 314		111 516
Group Insurance		21 176		19 084
Utilities		15 255		15 411
Uniforms		525		509
Contracted Services		11 626		12 623
Departmental Supplies		14 469		10 685
Insurance		7 195		7 461
Maintenance and Repairs		5 781		9 686
Miscellaneous		620		292
Capital Outlay				14 935
Total Environmental Protection	194 144	188 961	5 183	202 202
Transportation:				
Streets:				
Street Improvements				51 764
Maintenance				61 229
Total Transportation	10 400		10 400	112 993
Cultural and Recreational:				
Parks	5 000	1 559	3 441	4 582
Debt Service:				
Principal	13 889	14 302	(414)	13 889
Interest	3 678	3 265	414	3 678
Total Debt Service	17 567	17 567		17 567
Total Expenditures	712 835	621 235	91 600	722 689

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues Over (Under)				
Expenditures	<u>(99 235)</u>	<u>122 767</u>	<u>222 002</u>	<u>(1 096)</u>
Other Financing Sources (Uses):				
Transfers	(100)	(100)		
Appropriated Fund Balance	<u>99 335</u>		<u>(99 335)</u>	
Total Other Financing				
Sources (Uses)	<u>99 235</u>	<u>(100)</u>	<u>(99 335)</u>	
Revenues and Other Sources				
Over(Under) Expenditures				
and Other Uses	<u>\$</u>	<u>122 667</u>	<u>\$ 122 667</u>	<u>(1 096)</u>
Fund Balance - Beginning of Year		<u>934 162</u>		<u>935 258</u>
Fund Balance - End of Year		<u>\$1 056 829</u>		<u>\$ 934 162</u>

TOWN OF RHODHISS
SPECIAL REVENUE FUND
CDBG SCATTERED SITE HOUSING PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2021

		Actual			Variance
	Project Budget	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
Intergovernmental					
Federal Grant-CDBG	\$ 750 000	\$	\$	\$	\$ 750 000
Expenditures:					
Administration	75 000				75 000
Rehabilitation	675 000				675 000
Total Expenditures	750 000				750 000
Revenues Over (Under) Expenditures					
Other Financing Sources (Uses)					
Transfers from Other Funds			100	100	100
Fund Balance Beginning of Year					
Fund Balance End of Year	\$	\$	\$ 100	\$ 100	\$ 100

TOWN OF RHODHISS, NORTH CAROLINA
ENTERPRISE FUND - WATER AND SEWER
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Operating Revenues:				
Charges for Services	\$ 313 112	\$ 312 008	\$ (1 104)	\$ 270 527
Other Operating Revenues:				
Taps and Connections				5 624
Other	<u>1 500</u>	<u>1 031</u>	<u>(469)</u>	
Total Operating Revenues	<u>314 612</u>	<u>313 039</u>	<u>(1 573)</u>	<u>276 151</u>
Non-operating Revenues:				
Interest Earned on Investments		<u>166</u>	<u>166</u>	<u>469</u>
Other Financing Sources (Uses):				
Financing Proceeds		<u>51 789</u>	<u>51 789</u>	
Budgetary Appropriations:				
Appropriated Fund Balance	<u>25 000</u>		<u>(25 000)</u>	
Total Revenues	<u>339 612</u>	<u>364 994</u>	<u>25 382</u>	<u>276 620</u>
Expenditures:				
Operating Expenditures:				
Administration:				
Salaries & Benefits		60 274		63 207
Group Insurance		3 042		3 713
Insurance - Other		6 157		6 227
Telephone		865		557
Utilities		16 140		17 278
Supplies and Postage		7 745		9 221
Dues and Subscriptions		665		663
Permits		1 110		1 110
Miscellaneous		<u>664</u>		<u>1 050</u>
Total	<u>117 898</u>	<u>96 662</u>	<u>21 236</u>	<u>103 026</u>
Supply and Treatment:				
Purchase for Resale		42 948		21 574
Treatment and Transmission		41 370		59 270
Maintenance and Repairs		7 987		19 475
Testing		4 890		4 575
Contract Services		<u>32 299</u>		<u>23 566</u>
Total	<u>146 800</u>	<u>129 494</u>	<u>17 306</u>	<u>128 460</u>
Total Operating Expenditures	<u>264 698</u>	<u>226 156</u>	<u>38 542</u>	<u>231 486</u>

	2021		Variance	2020
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures - Continued:				
Budgetary Appropriations:				
Debt Interest and Principal Paid	\$ 4 570	\$ 4 570	\$	\$ 4 570
Capital Outlay	8 844	7 400	1 444	19 000
Transfers	<u>61 500</u>	<u>32 922</u>	<u>28 578</u>	
Total Budgetary Appropriations	<u>74 914</u>	<u>44 892</u>	<u>30 022</u>	<u>23 570</u>
Total Expenditures	<u>339 612</u>	<u>271 048</u>	<u>68 564</u>	<u>255 056</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$</u>	<u>\$ 93 946</u>	<u>\$ 93 946</u>	<u>\$ 21 564</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:				
Revenue and Other Sources Over (Under) Expenditures			\$ 93 946	
Reconciling Items:				
Add:				
Grants Received-Capital Projects		300 000		
Decrease in Vacation Pay		3 072		
Debt Principal Paid		4 570		
Capital Outlay		7 400		
Increase in Deferred Outflows		3 328		
Transfers to Capital Projects		<u>32 922</u>	351 292	
Less:				
Depreciation		171 251		
Increase in Pension Liability		6 681		
Financing Proceeds		<u>51 789</u>	<u>(229 721)</u>	
Change in Net Position (Exhibit 7)			<u>\$ 215 517</u>	

TOWN OF RHODHISS
WATER AND SEWER CAPITAL PROJECTS FUND
SEWER REHABILITATION AND IMPROVEMENTS PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2021

		Actual			Variance
	Project Budget	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
Intergovernmental					
N.C. State Reserve Project Grant	\$ 300 000	\$	\$ 300 000	\$ 300 000	\$
N.C. State Revolving Loan	100 000		67 635	67 635	(32 365)
Total Revenues	400 000		367 635	367 635	(32 365)
Expenditures:					
Construction	349 300		346 299	346 299	3 001
Engineering	25 500		22 294	22 294	3 206
ER Preparation	4 000		4 000	4 000	
Construction Administration	6 000		6 000	6 000	
Loan Administration	13 000		12 955	12 955	45
Closing Fee	6 500		6 500	6 500	
Permits and Advertising	2 200		2 125	2 125	75
Total Expenditures	406 500		400 173	400 173	6 327
Revenues Over (Under) Expenditures	(6 500)		(32 538)	(32 538)	(26 038)
Other Financing Sources (Uses):					
Transfers from Other Funds	6 500		32 922	32 922	26 422
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$	\$	\$ 384	\$ 384	\$ 384

TOWN OF RHODHISS
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 238 710	\$ 227 614	\$ 11 096
2019-2020	14 465		9 900	4 565
2018-2019	6 708		1 160	5 548
2017-2018	5 457		1 294	4 163
2016-2017	6 685		782	5 903
2015-2016	3 555		1 009	2 546
2014-2015	3 490		263	3 227
2013-2014	3 360		19	3 341
2012-2013	2 221			2 221
2011-2012	1 839			1 839
2010-2011	1 287		1 287	
Total	\$ 49 067	\$ 238 710	\$ 243 328	\$ 44 449
Less Allowance for Uncollectible Accounts				31 560
Ad Valorem Taxes Receivable - Net				\$ 12 889

Reconciliation with Revenue:

Ad Valorem Tax Revenue	\$ 243 053	
Less Penalties and Interest	<u>3 206</u>	\$ 239 847
Discounts		2 194
Written Off Per Statute of Limitations		<u>1 287</u>
Total Collections and Credits		<u>\$ 243 328</u>

TOWN OF RHODHISS
ANALYSIS OF CURRENT YEAR TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Excluding Vehicles</u>	<u>Motor Vehicles</u>
Tax Levy	\$ 33 965 091	.55	\$ 186 808	\$ 186 808	\$
Vehicle Taxes	4 730 000	.55	26 015		26 015
Discoveries	4 706 727	.55	25 887	25 887	
Releases	()	.55	()	()	
Total for Year	<u>\$ 43 401 818</u>		238 710	212 695	26 015
Less Uncollected Taxes at June 30, 2021			<u>11 096</u>	<u>11 096</u>	
Current Year Taxes Collected			<u>\$ 227 614</u>	<u>\$ 201 599</u>	<u>\$ 26 015</u>
Percent of Current Year's Taxes Collected			<u>95.35%</u>	<u>94.78%</u>	<u>100.00%</u>

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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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
Board of Aldermen
Town of Rhodhiss
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 and each major fund of the Town of Rhodhiss, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Rhodhiss's basic financial statements, and have issued our report thereon dated August 2, 2021.

Internal Control Over Financial Reporting

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

To the Honorable Mayor
and Board of Aldermen
Town of Rhodhiss, North Carolina

Our consideration of internal control was for the limited purpose described in the preceding 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Rhodhiss's financial statements are free of 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.



S. Eric Bowman, P.A.
Certified Public Accountant

Morganton, North Carolina
August 2, 2021

TOWN OF RHODHISS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2020

Finding 2020-001

There was one audit finding relative to overexpenditures. This finding was totally corrected.