

**REVIEWED**

*By SLGFD at 3:05 pm, Oct 17, 2022*

TOWN OF RONDA, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



**Town Council Members**

Rheajean Benge, Mayor

Kay Luffman

Helen Porter

Kevin Reece

JoAnn Royal

Sandra Simmons

**Administrative and Financial Staff**

Tracy Romans, Town Clerk

**TOWN OF RONDA, NORTH CAROLINA**  
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**June 30, 2021**

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## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Ronda, North Carolina

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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

## ***Other Matters***

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

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Ronda, North Carolina. The Individual Fund Schedules (budgetary schedules), and Other Schedules ("supplementary and other information") on pages 30 through 35, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
September 20, 2022

## **MANAGEMENT DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### June 30, 2021

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

### Financial Highlights

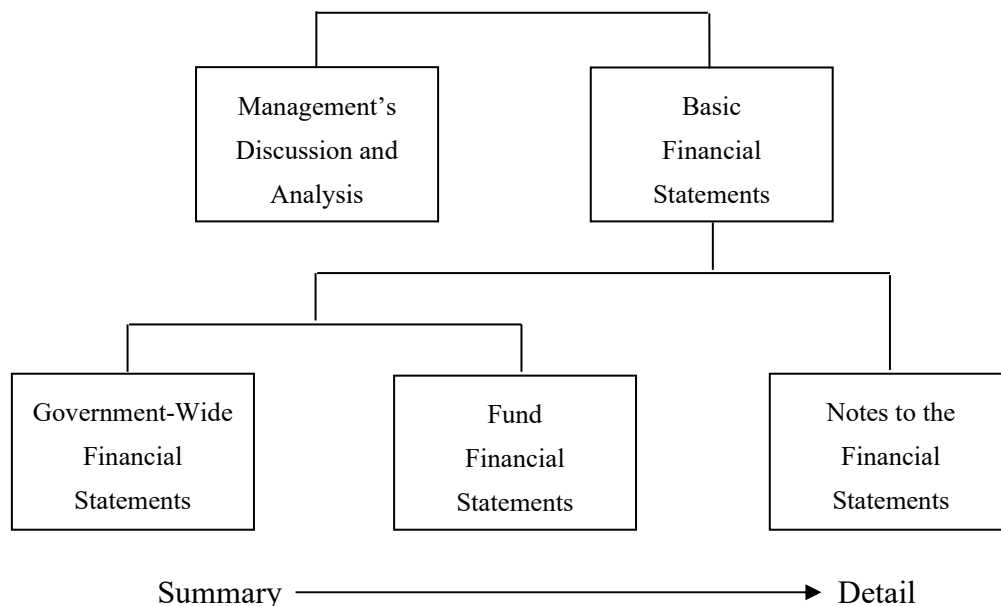
- The assets and deferred outflows of resources of the Town of Ronda exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,715,069 (net position).
- The government's total net position decreased by \$13,336.
- As of the close of the current fiscal year, the Town's General Fund reported ending fund balance of \$339,366 with a net increase of \$6,479 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$256,869, or 93.75%, of the total General Fund expenditures for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

### Required Components of Annual Financial Report

Figure 1



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2021**

### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statement.

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

### **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Ronda.

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

### **Fund Financial Statements**

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

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

The Town of Ronda adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

*Proprietary Fund* - The Town of Ronda has a proprietary fund or enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Ronda uses its enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

*Notes to the Financial Statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow Exhibit 8 of the audit report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Government-Wide Financial Analysis**  
**Town of Ronda's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 371,022	\$ 341,345	\$ 125,304	\$ 117,070	\$ 496,326	\$ 458,415
Capital assets	59,813	62,386	1,577,903	1,642,374	1,637,716	1,704,760
Total assets	430,835	403,731	1,703,207	1,759,444	2,134,042	2,163,175
<b>Liabilities:</b>						
Long-term liabilities	-	-	345,857	377,298	345,857	377,298
Other liabilities	26,268	6,836	46,848	50,636	73,116	57,472
Total liabilities	26,268	6,836	392,705	427,934	418,973	434,770
<b>Net Position:</b>						
Net investment in capital assets	59,813	62,386	1,232,046	1,265,076	1,291,859	1,327,462
Restricted	82,527	96,898	-	-	82,527	96,898
Unrestricted	262,227	237,611	78,456	66,434	340,683	304,045
Total net position	\$ 404,567	\$ 396,895	\$ 1,310,502	\$ 1,331,510	\$ 1,715,069	\$ 1,728,405

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Ronda exceeded liabilities by \$1,715,069 as of June 30, 2021. The Town's net position decreased by \$13,336 for the fiscal year ended June 30, 2021. However, the largest portion (75%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Ronda uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ronda's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$82,497, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$340,713 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position, particularly a collection rate of 91.99% for property taxes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Town of Ronda's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,150	\$ 3,325	\$ 161,785	\$ 159,064	\$ 164,935	\$ 162,389
Operating grants and contributions	38,796	16,885	-	-	38,796	16,885
General revenues:						
Property taxes	73,606	60,862	-	-	73,606	60,862
Unrestricted intergovernmental	180,340	167,488	-	-	180,340	167,488
Other	11,505	4,349	6,430	9,331	17,935	13,680
Total revenues	<u>307,397</u>	<u>252,909</u>	<u>168,215</u>	<u>168,395</u>	<u>475,612</u>	<u>421,304</u>
<b>Expenses:</b>						
General government	190,898	162,692	-	-	190,898	162,692
Transportation	68,642	48,315	-	-	68,642	48,315
Environmental protection	40,185	32,183	-	-	40,185	32,183
Water and sewer	-	-	189,223	176,099	189,223	176,099
Total expenses	<u>299,725</u>	<u>243,190</u>	<u>189,223</u>	<u>176,099</u>	<u>488,948</u>	<u>419,289</u>
Change in net position	7,672	9,719	(21,008)	(7,704)	(13,336)	2,015
Net position, beginning	<u>396,895</u>	<u>387,176</u>	<u>1,331,510</u>	<u>1,339,214</u>	<u>1,728,405</u>	<u>1,726,390</u>
Net position, ending	<u>\$ 404,567</u>	<u>\$ 396,895</u>	<u>\$ 1,310,502</u>	<u>\$ 1,331,510</u>	<u>\$ 1,715,069</u>	<u>\$ 1,728,405</u>

*Governmental activities* - Governmental activities increased the Town's net position by \$7,672, primarily due to increase in revenues received for property taxes and sales taxes collected during 2021.

*Business-type activities* - Business-type activities decreased the Town's net position by \$21,008, primarily due to the amount of depreciation recorded by the Fund in 2021 and normal increases associated with providing services to the Town's residents.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **June 30, 2021**

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

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

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

The General Fund is the chief operating fund of the Town of Ronda. At the end of the current fiscal year, the Town of Ronda's fund balance available in the General Fund was \$256,869, while the total fund balance was \$339,366. The Town currently has an available fund balance of 93.75% of General Fund expenditures, while total fund balance represents 123.86% of the same amount.

*General Fund Budgetary Highlights* – During the fiscal year the Town revised the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues exceeded budget because of increased property tax assessments and the inclusion of Peach Festival revenues that were not included in the budget. Expenditures exceeded budget because of the opportunity to purchase land for the fire department that had not been anticipated when the budget was prepared.

*Proprietary Fund* - The Town's proprietary fund provides 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 amounted to \$78,456. The total decrease in the net position of the Water and Sewer Fund was \$21,008.

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

*Capital Assets* - The Town of Ronda's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$1,637,716 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Town of Ronda, North Carolina's Capital Assets**  
**Figure 4**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 59,813	\$ 59,813	\$ 21,402	\$ 21,402	\$ 81,215	\$ 81,215
Buildings and improvements	-	235	-	-	-	235
Water system	-	-	1,531,501	1,593,767	1,531,501	1,593,767
Vehicles	-	2,338	-	2,205	-	4,543
Total	<u>\$ 59,813</u>	<u>\$ 62,386</u>	<u>\$ 1,552,903</u>	<u>\$ 1,617,374</u>	<u>\$ 1,612,716</u>	<u>\$ 1,679,760</u>

Additional information regarding the Town's capital assets can be found in the notes to the basic financial statements.

*Long-Term Debt* - As of June 30, 2021 and 2020, the Town of Ronda had \$345,857 and \$377,298, respectively, of debt outstanding relating to the purchase of assets for public safety and water/sewer.

Additional information regarding the Town's long-term debt can be found in the notes to the basic financial statements.

*Town of Ronda's Outstanding Debt* - The Town's total debt decreased by \$31,441 during the past fiscal year due to debt payments on outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Ronda is \$1,232,051.

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

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

- Ronda's unemployment rate is 4.4% compared to 6.0% for the US.
- Ronda's property tax rate remains steady at 0.35 cents per \$100.

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

*Governmental Activities:* Budgeted expenditures in the General Fund are expected to decrease approximately 9% to \$249,032, primarily due to increases in salaries, professional services and maintenance expenses. The Town doesn't not plan on increasing revenue sources to cover this increase but utilize current funding.

*Business-type Activities:* The water and sewer revenues are budgeted to increase for 2022 by 1% to \$164,060, while expenses are only expected to increase by 23%, primarily for the purchase of water.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Office, Town of Ronda, North Carolina, P.O. Box 398, Ronda, NC 28670. You can also call (336) 835-2061, visit our website [www.townofrondanc.com](http://www.townofrondanc.com) or send an email to [administration@townofronda.org](mailto:administration@townofronda.org) for more information.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF RONDA, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

Exhibit 1

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 293,007	\$ 38,884	\$ 331,891
Receivables, taxes, net	5,388	-	5,388
Receivables, accounts, net	-	62,570	62,570
Due from other governments	46,244	-	46,244
Internal balances	(9,900)	9,900	-
Restricted cash and cash equivalents	36,283	13,950	50,233
Total current assets	371,022	125,304	496,326
Non-current assets:			
Note receivable, non-current portion	-	25,000	25,000
Land, non-depreciable improvements	59,813	21,402	81,215
Other capital assets, net of depreciation	-	1,531,501	1,531,501
Total non-current assets	59,813	1,577,903	1,637,716
Total assets	430,835	1,703,207	2,134,042
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	26,268	32,898	59,166
Current portion of long-term liabilities	-	31,442	31,442
Payable from restricted assets	-	13,950	13,950
Total current liabilities	26,268	78,290	104,558
Long-term liabilities:			
Due in more than one year	-	314,415	314,415
Total liabilities	26,268	392,705	418,973
<b>Net Position</b>			
Net investment in capital assets	59,813	1,232,046	1,291,859
Restricted for Stabilization by State Statute	46,244	-	46,244
Restricted for Streets	36,283	-	36,283
Unrestricted	262,227	78,456	340,683
Total net position	\$ 404,567	\$ 1,310,502	\$ 1,715,069

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



**TOWN OF RONDA, NORTH CAROLINA****Statement of Activities****Year Ended June 30, 2021**

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		Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
Functions/Programs	Expenses			
Primary government:				
Governmental activities:				
General government	\$ 190,898	\$ 3,150	\$ 23,150	\$ -
Transportation	68,642	-	15,646	-
Environmental protection	40,185	-	-	-
Total governmental activities	<u>299,725</u>	<u>3,150</u>	<u>38,796</u>	<u>-</u>
Business-type activities:				
Water and sewer	189,223	161,785	-	-
Total business-type activities	<u>189,223</u>	<u>161,785</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 488,948</u>	<u>\$ 164,935</u>	<u>\$ 38,796</u>	<u>\$ -</u>

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>			
Primary government:			
Governmental activities:			
General government	\$ (164,598)	\$ -	\$ (164,598)
Transportation	(52,996)	-	(52,996)
Environmental protection	(40,185)	-	(40,185)
Total governmental activities	<u>(257,779)</u>	<u>-</u>	<u>(257,779)</u>
Business-type activities:			
Water and sewer	-	(27,438)	(27,438)
Total business-type activities	<u>-</u>	<u>(27,438)</u>	<u>(27,438)</u>
Total primary government	<u>(257,779)</u>	<u>(27,438)</u>	<u>(285,217)</u>
<b>General Revenues:</b>			
Taxes:			
Property taxes, levied for general purpose	73,606	-	73,606
Unrestricted intergovernmental	180,340	-	180,340
Unrestricted investment earnings	81	-	81
Miscellaneous	11,424	6,430	17,854
Total general revenues excluding transfers	<u>265,451</u>	<u>6,430</u>	<u>271,881</u>
Transfers	-	-	-
Total general revenues and transfers	<u>265,451</u>	<u>6,430</u>	<u>271,881</u>
Change in net position	<u>7,672</u>	<u>(21,008)</u>	<u>(13,336)</u>
Net position, beginning	<u>396,895</u>	<u>1,331,510</u>	<u>1,728,405</u>
Net position - ending	<u>\$ 404,567</u>	<u>\$ 1,310,502</u>	<u>\$ 1,715,069</u>

**TOWN OF RONDA, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

Exhibit 3

	Major Fund General Fund	Non-Major Fund Grant Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 273,432	\$ 19,575	\$ 293,007
Restricted cash	36,283	-	36,283
Receivables - Taxes, net	5,388	-	5,388
Due from other governments	46,244	-	46,244
Total assets	<u>\$ 361,347</u>	<u>\$ 19,575</u>	<u>\$ 380,922</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 6,693	\$ 19,575	\$ 26,268
Due to other funds	9,900	-	9,900
Total liabilities	<u>16,593</u>	<u>19,575</u>	<u>36,168</u>
<b>Deferred Inflows of Resources</b>			
Property taxes receivable	5,388	-	5,388
Total deferred inflows of resources	<u>5,388</u>	<u>-</u>	<u>5,388</u>
<b>Fund Balances</b>			
Restricted for:			
Stabilization by state statute	46,244	-	46,244
Streets	36,283	-	36,283
Unassigned	256,839	-	256,839
Total fund balances	<u>339,366</u>	<u>-</u>	<u>339,366</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 361,347</u>	<u>\$ 19,575</u>	<u>\$ 380,922</u>

**Reconciliation of the Balance Sheet to the Statement of Net Position:**

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

Total Fund Balance, Governmental Funds		\$ 339,366
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	151,485	
Accumulated depreciation	<u>(91,672)</u>	59,813
Earned revenues considered deferred inflows of resources in funds statements		<u>5,388</u>
Net position of governmental activities		<u>\$ 404,567</u>

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

**TOWN OF RONDA, NORTH CAROLINA**

Exhibit 4

**Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds****Year Ended June 30, 2021**

	Major Fund General Fund	Non-Major Fund Grant Fund	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 69,840	\$ -	\$ 69,840
Unrestricted intergovernmental	180,340	-	180,340
Restricted intergovernmental	15,646	23,150	38,796
Sales and services	3,150	-	3,150
Investment earnings	81	-	81
Miscellaneous	11,424	-	11,424
Total revenues	280,481	23,150	303,631
<b>Expenditures</b>			
Current:			
General government	165,175	23,150	188,325
Transportation	68,642	-	68,642
Environmental protection	40,185	-	40,185
Total expenditures	274,002	23,150	297,152
Net change in fund balances	6,479	-	6,479
Fund balances, beginning	332,887	-	332,887
Fund balances, ending	\$ 339,366	\$ -	\$ 339,366

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds	\$ 6,479
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Depreciation expense for governmental assets	(2,573)
Change in unavailable revenue for tax revenues	3,766
Total changes in net position of governmental activities	\$ 7,672

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

**TOWN OF RONDA, NORTH CAROLINA**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Annual Budget and Actual - General Fund  
Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 58,500	\$ 67,400	\$ 69,840	\$ 2,440
Unrestricted intergovernmental	132,750	179,530	180,340	810
Restricted intergovernmental	16,500	16,500	15,646	(854)
Sales and services	1,500	1,500	3,150	1,650
Investment earnings	550	550	81	(469)
Miscellaneous	700	6,900	11,424	4,524
Total revenues	<u>210,500</u>	<u>272,380</u>	<u>280,481</u>	<u>8,101</u>
<b>Expenditures</b>				
Current:				
General government	148,970	173,078	165,175	7,903
Transportation	37,550	68,642	68,642	-
Environmental protection	33,510	40,190	40,185	5
Total expenditures	<u>220,030</u>	<u>281,910</u>	<u>274,002</u>	<u>7,908</u>
Revenues over (under) expenditures	<u>(9,530)</u>	<u>(9,530)</u>	<u>6,479</u>	<u>16,009</u>
<b>Fund balance appropriated</b>	<u>9,530</u>	<u>9,530</u>	<u>-</u>	<u>(9,530)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>6,479</u>	<u>\$ 6,479</u>
Fund balances, beginning			<u>332,887</u>	
Fund balances, ending			<u>\$ 339,366</u>	

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

**TOWN OF RONDA, NORTH CAROLINA**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

Exhibit 6

	Total Enterprise Fund <u>Major Fund Water and Sewer Fund</u>
<b>Assets</b>	
Current assets:	
Cash and equivalents	\$ 38,884
Account receivables, net	62,570
Due from other fund	9,900
Restricted cash and cash equivalents	13,950
Total current assets	<u>125,304</u>
Loan receivable	25,000
Capital assets:	
Land and other non-depreciable assets	21,402
Other capital assets, net of depreciation	1,531,501
Total noncurrent assets	<u>1,577,903</u>
Total assets	<u>1,703,207</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	32,898
Installment purchases - current	31,442
Liabilities payable from restricted assets:	
Customer deposits	13,950
Total current liabilities	<u>78,290</u>
Noncurrent liabilities:	
Installment purchases - noncurrent	314,415
Total noncurrent liabilities	<u>314,415</u>
Total liabilities	<u>392,705</u>
<b>Net Position</b>	
Net investment in capital assets	1,232,046
Unrestricted	78,456
Total net position	<u>\$ 1,310,502</u>

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

**TOWN OF RONDA, NORTH CAROLINA**

Exhibit 7

**Statement of Revenues, Expenses and Changes in Fund Net Position****Proprietary Fund****Year Ended June 30, 2021**

	Total Enterprise Fund Major Fund Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 161,785
Total operating revenues	<u>161,785</u>
Operating expenses:	
Water Administration	30,038
Water Production	46,933
Water Line Maintenance	47,781
Depreciation	64,471
Total operating expenses	<u>189,223</u>
Operating loss	<u>(27,438)</u>
Non-operating revenues (expenses):	
Investment earnings	-
Other income	6,430
Total non-operating revenues (expenses)	<u>6,430</u>
Change in net position	(21,008)
Total net position, beginning	1,331,510
Total net position, ending	<u>\$ 1,310,502</u>

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

**TOWN OF RONDA, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2021**

Exhibit 8

	Total Enterprise Fund <u>Major Fund</u> Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 167,357
Cash paid for goods and services	(96,448)
Cash paid to or on behalf of employees for services	(34,042)
Net cash provided by operating activities	<u>36,867</u>
Cash flows from capital and related financing activities:	
Principal paid on installment purchases	(31,441)
Net cash used in capital and related financing activities	<u>(31,441)</u>
Cash flows from investing activities:	
Other income	6,430
Interest and dividends	-
Net cash provided by investing activities	<u>6,430</u>
Net increase in cash and cash equivalents	11,856
Balances, beginning, as previously reported	40,978
Balances, ending	<u>\$ 52,834</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (27,438)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	64,471
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	3,622
Increase (decrease) in:	
Accounts payable and accrued liabilities	(5,738)
Customer deposits	1,950
Total adjustments	<u>64,305</u>
Net cash provided by operating activities	<u>\$ 36,867</u>

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



## **TOWN OF RONDA, NORTH CAROLINA**

### **Notes to Financial Statements**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Ronda, North Carolina (the "Town") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

##### **Reporting Entity**

The Town is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements include all funds and account groups that are controlled by the Town.

##### **Basis of Presentation**

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

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

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

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

The Town reports the following major governmental fund:

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

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Town reports the following major enterprise fund:

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

The Town reports the following non-major governmental fund:

*Grant Project Special Revenue Fund* – This fund is used to account for the Town's grant to perform a study on a merger with the Town of Elkin.

**Measurement Focus and Basis of Accounting**

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

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

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

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

*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.

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 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 the 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, 2014 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. A project budget is adopted for the Grant Project Special Revenue Fund. All annual appropriations lapse at the fiscal year-end. The budget ordinance must be adopted by July 1<sup>st</sup> of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. All budgets are prepared using the modified accrual basis of accounting. The appropriations in the various funds are formally budgeted on a departmental basis. Expenditures may not legally exceed appropriations at the functional level. The finance officer has authority to allocate the department totals to objects of expenditures within the department as necessary. The budget is amended by the Board of Commissioners on a periodic basis as required by changing conditions. The budget amounts reflected in the accompanying financial statements represent the budget as amended to statement date.

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

**Deposits and Investments**

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

## **TOWN OF RONDA, NORTH CAROLINA**

### **Notes to Financial Statements**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust ("NCCMT"). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

#### **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.

#### **Restricted Cash**

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

#### **Ad Valorem Taxes Receivable**

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

#### **Allowance for Doubtful Accounts**

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

#### **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 two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Water System	40 years
Buildings and improvements	20 years
Equipment	5 years
Vehicles	5 years

**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 called deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals. 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 one item that meets the criterion for this category – property taxes receivable.

**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.

**Net Position/Fund Balances**

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

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

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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.

Assigned Fund Balance - portion of fund balance that Town of Ronda, North Carolina intends to use for specific purposes.

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

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

The Finance Officer has been given the authority to spend resources in the order deemed in the best interest of the Town. For purposes of fund balance classification, expenditures are spent from restricted fund balance first, followed by assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Noncompliance with North Carolina General Statutes**

All units of local government and public authorities in North Carolina are required by North Carolina General Statute 159-34 to have their accounts audited annually and to submit the audit report to the Secretary of the Local Government Commission as soon as possible after the close of the fiscal year. For the fiscal year ended June 30, 2021, the audit was not performed until 2022. The Town officials are working with the current auditing firm to catch up the late audits and file them with the Secretary of the Local Government Commission as required by General Statute 159-34.

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**Deposits**

All deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$(6,880) and a bank balance of \$9,113. Of the bank balance, \$9,133 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the Town had \$101 in a petty cash fund.

At June 30, 2021, the Town had \$388,903 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

**Receivables**

Governmental activities receivables for the General Fund consist of \$5,388 for outstanding taxes and \$46,244 due from other governments, which consist of \$40,460 for local option sales tax and \$5,784 for utilities franchise tax.

Business-Type activities receivables for the Water and Sewer Fund consist of \$62,570 for customer accounts.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of allowances for doubtful accounts in the amount of \$35,271 for taxes receivable.

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 59,813	\$ -	\$ -	\$ 59,813
Total capital assets not being depreciated	<u>59,813</u>	<u>-</u>	<u>-</u>	<u>59,813</u>
Capital assets being depreciated:				
Buildings and improvements	60,232	-	-	60,232
Equipment	17,950	-	-	17,950
Vehicles and motorized equipment	13,490	-	-	13,490
Total capital assets being depreciated	<u>91,672</u>	<u>-</u>	<u>-</u>	<u>91,672</u>
Less accumulated depreciation for:				
Buildings and improvements	59,997	235	-	60,232
Equipment	17,950	-	-	17,950
Vehicles and motorized equipment	11,152	2,338	-	13,490
Total accumulated depreciation	<u>89,099</u>	<u>\$ 2,573</u>	<u>\$ -</u>	<u>91,672</u>
Total capital assets being depreciated, net	<u>2,573</u>			<u>-</u>
Governmental activity capital assets, net	<u>\$ 62,386</u>			<u>\$ 59,813</u>

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

General Government	\$ 2,573
Total depreciation expense	<u>\$ 2,573</u>



**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-Type Activities:</b>				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 21,402	\$ -	\$ -	\$ 21,402
Total capital assets not being depreciated	21,402	-	-	21,402
Capital assets being depreciated:				
Water system	2,490,612	-	-	2,490,612
Equipment	36,224	-	-	36,224
Vehicles	12,721	-	-	12,721
Total capital assets being depreciated	2,539,557	-	-	2,539,557
Less accumulated depreciation for:				
Water system	896,845	62,266	-	959,111
Equipment	36,224	-	-	36,224
Vehicles	10,516	2,205	-	12,721
Total accumulated depreciation	943,585	\$ 64,471	\$ -	1,008,056
Total capital assets being depreciated, net	1,595,972			1,531,501
Business-type activities capital assets, net	<u>\$ 1,617,374</u>			<u>\$ 1,552,903</u>

**B. Liabilities**

**Pension Plan and Postemployment Obligations**

The Town of Ronda does not have a pension plan for its employees. The Town does not have any postemployment obligations.

**Deferred Outflows and Inflows of Resources**

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

	General Fund Balance Sheet	Statement of Net Position
Tax receivable (general fund)	\$ 5,388	\$ -
Total	<u>\$ 5,388</u>	<u>\$ -</u>

**Long-Term Obligations**

Installment Purchase

The Town has an installment purchase contract to finance a water system expansion. The financing requires principal payments of \$31,442 with interest rate of 0.00%.

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)**

Annual debt service payments as of June 30, 2021, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 31,442	\$ -
2023	31,442	-
2024	31,442	-
2025	31,442	-
2026	31,442	-
2027-2031	157,210	-
2032	31,437	-
Total	<u>\$ 345,857</u>	<u>\$ -</u>

Change in Long-Term Liabilities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Business-Type Activities:					
Installment purchases	\$ 377,298	\$ -	\$ 31,441	\$ 345,857	\$ 31,442
Total business-type	<u>\$ 377,298</u>	<u>\$ -</u>	<u>\$ 31,441</u>	<u>\$ 345,857</u>	<u>\$ 31,442</u>

**C. Interfund Balances and Activity**

Balance due to/from other funds as of June 30, 2021, consist of \$9,900 due to the water fund from the general fund to fund operations and will be repaid during the year ending June 30, 2022.

**D. Fund Balance**

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

Total fund balance-General Fund	\$ 339,366
Less:	
Stabilization by State Statute	46,244
Streets	36,283
Appropriated fund balance in 2022 budget	96,690
Remaining fund balance	<u>\$ 160,149</u>

**TOWN OF RONDA, NORTH CAROLINA**  
**Notes to Financial Statements**

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**NOTE 4 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the North Carolina League of Municipalities. The pools are audited annually by certified public accountants and the audited financial statements are available to the Town upon request.

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

The Town is not required to carry flood insurance because the Town is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

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 under a \$10,000 blanket bond.

**NOTE 5 - JOINT VENTURE**

The Town, in conjunction with seven counties and nineteen other municipalities established the High Country Council of Government (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$684 to the Council during the fiscal year ended June 30, 2021.

The Yadkin Valley Sewer Authority (YVSA) was formed on April 19, 2006 by the Town of Jonesville (Yadkin County), Town of Elkin (Surry County) and Town of Ronda (Wilkes County) under authority established by Article 1 of Chapter 162A of the General Statutes of North Carolina. YVSA is governed by a five-member board of directors, whose members are appointed by each of the Towns. In accordance with the YVSA's bylaws, the Jonesville Town Council and Elkin Town Council appoints two members, each and Ronda Town Council appoints one member.

YVSA's purpose is to maintain and operate a sewer treatment facility and to maintain the sewer collection systems in each of the Towns. The interlocal agreement with the Authority calls for contributions by the Town in the amount of \$25,000, which will be reimbursed in full by YVSA no later than fiscal year 2025/2026.

## **INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**TOWN OF RONDA, NORTH CAROLINA****Schedule 1****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****General Fund****(Page 1 of 2)****Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 68,164	
Penalties and interest		1,676	
Total	\$ 67,400	69,840	\$ 2,440
Intergovernmental revenues:			
Unrestricted:			
Local option sales tax		154,417	
Utility franchise tax		24,210	
Beer and wine excise tax		1,713	
Total	179,530	180,340	810
Restricted:			
Powell Bill allocation		15,646	
Total	16,500	15,646	(854)
Sales and services:			
Sale of cemetery plots		2,200	
Rental fees		950	
Total	1,500	3,150	1,650
Investment earnings	550	81	(469)
Miscellaneous	6,900	11,424	4,524
Total Revenues	272,380	280,481	8,101
<b>Expenditures:</b>			
General government:			
Governing Body:			
Salaries and employee benefits		12,315	
Professional services		22,036	
Membership dues		4,380	
Other operating expenditures		6,567	
Total	46,150	45,298	852

**TOWN OF RONDA, NORTH CAROLINA****Schedule 1****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****General Fund (Continued)****(Page 2 of 2)****Fiscal Year Ended June 30, 2021**

	Budget	Actual	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		\$ 45,550	
Other operating expenditures		74,327	
Total	\$ 126,928	119,877	\$ 7,051
Total general government	173,078	165,175	7,903
Transportation - streets:			
Streets and Highways:			
Salaries and employee benefits		23,798	
Powell Bill expenditures		33,056	
Other operating expenditures		11,788	
Total transportation - streets	68,642	68,642	-
Environmental protection:			
Solid Waste:			
Salaries and employee benefits		5,535	
Contracted services		30,579	
Other operating expenditures		4,071	
Total environmental protection	40,190	40,185	5
Total expenditures	281,910	274,002	7,908
<b>Revenues Over (Under) Expenditures</b>	<b>(9,530)</b>	<b>6,479</b>	<b>16,009</b>
<b>Fund Balance Appropriated</b>	<b>9,530</b>	<b>-</b>	<b>(9,530)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>6,479</b>	<b>\$ 6,479</b>
<b>Fund Balance, Beginning</b>		<b>332,887</b>	
<b>Fund Balance, Ending</b>		<b>\$ 339,366</b>	

**TOWN OF RONDA, NORTH CAROLINA****Schedule 2****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****Special Revenue Fund - Grant Fund****From Inception and For the Fiscal Year Ended June 30, 2021**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Restricted					
Intergovernmental:					
North Carolina					
Department of					
Environmental					
Quality	\$ 50,000	\$ -	\$ 23,150	\$ 23,150	\$ (26,850)
Expenditures:					
Current:					
General					
government:					
Merger Study	50,000	-	23,150	23,150	26,850
Revenues over					
Expenditures	\$ -	\$ -	-	\$ -	\$ -
<b>Fund Balance, Beginning</b>			-		
<b>Fund Balance, Ending</b>			\$ -		

**TOWN OF RONDA, NORTH CAROLINA****Schedule 3****Schedule of Revenues, Expenditures,****and Changes in Fund Balances - Budget and Actual (Non-GAAP)****Water and Sewer Fund****Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Water and sewer		\$ 161,785	
Total operating revenues	\$ 156,980	161,785	\$ 4,805
Non-operating revenues:			
Interest earned on investments		-	
Penalties and miscellaneous		6,430	
Total non-operating revenues	100	6,430	6,330
Total revenues	157,080	168,215	11,135
<b>Expenditures:</b>			
Water Administration		30,038	
Water Production		46,933	
Water Line Maintenance		47,781	
Total	125,640	124,752	888
Debt service:			
Principal retirement		31,441	
Total	31,440	31,441	(1)
Total expenditures	157,080	156,193	887
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 12,022</u>	<u>\$ 12,022</u>

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

## Reconciling items:

Principal retirement	31,441
Depreciation	(64,471)
Total reconciling items	(33,030)
Change in net position	<u>\$ (21,008)</u>



**TOWN OF RONDA, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**Last Ten Years**

**Schedule 4**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and other credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 67,296	\$ 61,908	\$ 5,388
2019-2020	1,622	-	873	749
2018-2019	2,274	-	605	1,669
2017-2018	1,845	-	832	1,013
2016-2017	523	-	523	-
2015-2016	662	-	430	232
2014-2015	224	-	136	88
2013-2014	234	-	121	113
2012-2013	228	-	228	-
2011-2012	560	-	426	134
2010-2011	229	-	-	229
2009-2010	34,840	-	3,796	31,044
2008-2009	223	-	223	-
	<u>\$ 43,464</u>	<u>\$ 67,296</u>	<u>\$ 70,101</u>	<u>40,659</u>
Less: allowance for uncollectible Ad Valorem taxes receivable				<u>35,271</u>
Net Ad Valorem taxes receivable				<u>\$ 5,388</u>
Reconcilement with revenues:				
Ad Valorem taxes - General fund				\$ 68,164
Reconciling items:				
Penalties and interest				1,676
Other				<u>261</u>
Total collections and credits				<u>\$ 70,101</u>

**TOWN OF RONDA, NORTH CAROLINA**  
**Analysis of Current Tax Levy and Town-Wide Levy**  
**Fiscal Year Ended June 30, 2021**

**Schedule 5**

	Town - Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 19,227,447	0.35	\$ 67,296	\$ 60,606	\$ 6,690
Penalties	-		-	-	-
Total original levy	19,227,447		67,296	60,606	6,690
 Total property valuation	<u>\$ 19,227,447</u>				
 Net Levy			67,296	60,606	6,690
 Unpaid (by taxpayer) taxes at June 30, 2021			5,388	5,388	-
 Current year's taxes collected			\$ 61,908	\$ 55,218	\$ 6,690
 Current levy collection percentage			91.99%	91.11%	100.00%