

REVIEWED

By SLGFD at 11:43 am, Feb 15, 2022

Town of Sims North Carolina Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2021





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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council
Town of Sims, 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 Sims, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Sims' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sims, 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 3.1 through 3.8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Carr, Rigg & Ingram, P.L.L.C.

Wilson, North Carolina
February 11, 2022

Management's Discussion and Analysis

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

As management of the Town of Sims (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 read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

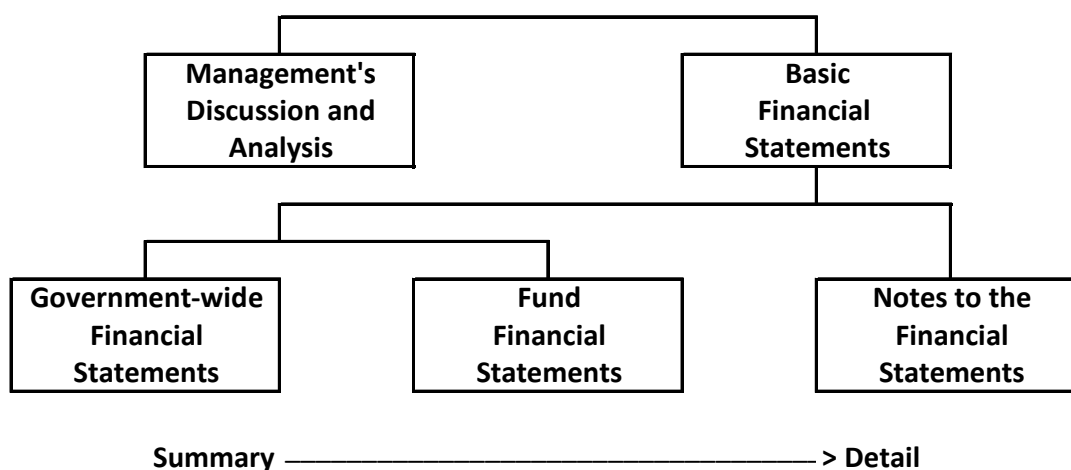
Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$3,106,835 (*net position*).
- The government's total net position decreased by (\$15,156), primarily due to a (\$50,262) decrease in net position in the business-type activities which was driven by an increase in salaries and employee benefits and sewer treatment charges.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$533,525 with a net change of (\$2,965) in fund balance. Approximately 15.45 percent of this total amount, or \$82,412, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$441,113, or 182.55 percent of total general fund expenditures for the fiscal year.
- The Town had no long-term debt as of June 30, 2021.

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.

Figure 1
Required Components of Annual Financial Report



Town of Sims, North Carolina
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 10) 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 fund statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information and other information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements. The other information presents data and analysis relating to the Town's Ad Valorem taxes and the tax levy.

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 total liabilities. 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 transportation, environmental protection, cultural and recreational, 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. This includes the water and sewer services offered by the Town.

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, 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 can be divided into two categories: governmental funds and proprietary funds.

Town of Sims, North Carolina
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 the governmental fund. 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 more or fewer financial resources are available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund is described in a reconciliation that is a part of the fund financial statements.

The Town 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 the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activity. This fund is the same function as shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17.1 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes supplementary and other information concerning the Town's operations and property taxes. The supplementary and other information can be found beginning on page 18 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

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

Government-Wide Financial Analysis

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 540,706	\$ 549,723	\$ 779,977	\$ 776,235	\$ 1,320,683	\$ 1,325,958
Capital assets	277,403	238,748	1,540,625	1,592,258	1,818,028	1,831,006
Total assets	818,109	788,471	2,320,602	2,368,493	3,138,711	3,156,964
Current liabilities	6,131	11,599	25,745	23,374	31,876	34,973
Net position:						
Net investment in capital assets						
assets	277,403	238,748	1,540,625	1,592,258	1,818,028	1,831,006
Restricted	82,412	68,371	-	-	82,412	68,371
Unrestricted	452,163	469,753	754,232	752,861	1,206,395	1,222,614
Total net position	\$ 811,978	\$ 776,872	\$ 2,294,857	\$ 2,345,119	\$ 3,106,835	\$ 3,121,991

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$3,106,835 as of June 30, 2021. The Town's net position decreased by (\$15,156) for the fiscal year ended June 30, 2021. However, the largest portion (58.52%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town's net position, \$82,412, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,206,395 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.50%. The statewide average in fiscal year 2020 was 98.96%.
- Increased sales tax revenues of \$6,483 due to economic growth in the Town.

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

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES:						
Program revenues:						
Charges for services	\$ 45,448	\$ 39,778	\$ 136,368	\$ 116,278	\$ 181,816	\$ 156,056
Operating grants & contributions	8,445	15,756	-	-	8,445	15,756
Capital grants & contributions	15,000	-	-	214,723	15,000	214,723
General revenues:						
Property taxes	106,129	97,417	-	-	106,129	97,417
Other taxes	44,565	38,082	-	-	44,565	38,082
Grants and contributions not restricted to specific programs	17,444	16,842	-	-	17,444	16,842
Unrestricted investment earnings	318	1,219	530	1,657	848	2,876
Miscellaneous	738	161	-	-	738	161
Total revenues	238,087	209,255	136,898	332,658	374,985	541,913
EXPENSES:						
Governmental activities:						
General government	128,524	114,350	-	-	128,524	114,350
Public safety	-	1,000	-	-	-	1,000
Transportation	12,930	14,892	-	-	12,930	14,892
Environmental protection	35,798	37,539	-	-	35,798	37,539
Human services	1,000	-	-	-	1,000	-
Cultural and recreational	24,729	22,203	-	-	24,729	22,203
Business-type activities:						
Water and sewer	-	-	187,160	154,445	187,160	154,445
Total expenses	202,981	189,984	187,160	154,445	390,141	344,429
Increase (decrease) in net position	35,106	19,271	(50,262)	178,213	(15,156)	197,484
NET POSITION, BEGINNING	776,872	757,601	2,345,119	2,166,906	3,121,991	2,924,507
NET POSITION, ENDING	\$ 811,978	\$ 776,872	\$ 2,294,857	\$ 2,345,119	\$ 3,106,835	\$ 3,121,991

Governmental activities: Governmental activities increased the Town's net position by \$35,106. The key elements of this increase are as follows:

- Capital grants and contributions in the amount of \$15,000 positively affected the Town's net position.
- General government property taxes increased \$8,712 and positively affected the Town's net position.

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

Business-type activities: Cost-saving measures taken to reduce operating costs in the Water and Sewer Fund helped, but increased salaries and employee benefits and sewer treatment charges combined to offset these measures to the point that business-type activities decreased the Town's net position by (\$50,262).

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's unassigned fund balance available in the General Fund was \$441,113, while total fund balance reached \$533,525, which is a net decrease in fund balance of (\$2,965). The Town currently has an available unassigned fund balance of 182.55% of General Fund expenditures, while total fund balance represents 220.80% of the same amount.

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

There were several reasons the Town revised its budget throughout the year; however, all of the amendments only changed various line item amounts but had no effect on departmental totals. Revenues were greater than the budgeted amounts primarily because unrestricted and restricted intergovernmental revenues received were greater than the Town originally had expected to receive. Expenditures were held in check to allow the Town to comply with its overall budgetary requirements.

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 \$754,232. The total change in net position was (\$50,262). Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$1,818,028 (net of accumulated depreciation). These assets include land, buildings, utilities delivery systems, and machinery and equipment.

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

Major capital asset transactions during the year include the following:

- Town Hall renovations in the amount of \$36,695 in the governmental activities.
- Equipment purchases in the governmental activities totaling \$15,000.

SUMMARY OF CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 16,115	\$ 16,115	\$ 55,734	\$ 55,734	\$ 71,849	\$ 71,849
Land improvements	92,959	93,850	-	-	92,959	93,850
Buildings	129,776	98,050	286	429	130,062	98,479
Water plant & distribution system	-	-	16,255	19,212	16,255	19,212
Sewer plant & collection system	-	-	1,455,869	1,502,481	1,455,869	1,502,481
Equipment and furniture	38,553	30,733	12,481	14,402	51,034	45,135
Totals	\$ 277,403	\$ 238,748	\$ 1,540,625	\$ 1,592,258	\$ 1,818,028	\$ 1,831,006

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

Long-Term Debt. As of June 30, 2021, the Town had no long-term debt outstanding.

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 the Town is \$1,698,032. The Town has no bonds authorized at June 30, 2021.

Economic Factors and Next Year's Budgets and Rates

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

- The Town is located in Wilson County in North Carolina with direct access to highways US 264 and I-95.
- The Town is strategically located within close proximity to Wilson, Raleigh, Greenville and Goldsboro.
- Some nearby cities have experienced rapid growth in recent years, which may evolve into additional interest in the area generally, and the Town specifically.

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

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Budgeted expenditures in the General Fund are expected to decrease 22.79% to \$243,225. The largest decrease is in general government expenditures as the Town renovated the Town Hall in the current year and does not expect similar expenditures in the fiscal year 2022 budget. The Town's property tax rate will remain at 50 cents per hundred dollars of valuation. The Town has chosen to appropriate \$10,000 in fund balance in the fiscal year 2022 budget.

Business-type Activities: With the new budget year, the Town's water and sewer rates will increase, to cover increased costs of operations.

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 Director of Finance, Town of Sims, P.O. Box 161, Sims, NC 27880. One can also call (252)237-4226 or send an email to rpayne@townofsimsnc.com for more information.

Town of Sims, North Carolina
Town Council and Key Staff
June 30, 2021

Town Council Members

Miranda Boykin, Mayor

Rhonda Payne, Mayor Pro Tempore

Helen Boykin

Nichole Weeks

Kaleb Woodard

Serenity Hargrove

Administrative and Financial Staff

Rhonda Payne, Finance Officer

Sandra H. Boykin, Town Clerk

Basic Financial Statements

Town of Sims, North Carolina
Statement of Net Position
June 30, 2021
Exhibit 1

Assets

Current assets:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 457,244	\$ 775,930	\$ 1,233,174
Taxes receivable (net)	845	-	845
Accrued interest receivable on taxes	205	-	205
Accounts receivable (net)	2,167	3,911	6,078
Due from other governments	14,326	-	14,326
Internal balances	21,966	(21,966)	-
Restricted assets:			
Cash and cash equivalents	43,953	22,102	66,055
Total current assets	540,706	779,977	1,320,683

Capital assets:

Land, non-depreciable improvements, and construction in progress	16,115	55,734	71,849
Other capital assets, net of depreciation	261,288	1,484,891	1,746,179
Total capital assets	277,403	1,540,625	1,818,028
Total assets	818,109	2,320,602	3,138,711

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	6,131	3,643	9,774
Payable from restricted assets	-	22,102	22,102
Total current liabilities	6,131	25,745	31,876

Net position

Net investment in capital assets	277,403	1,540,625	1,818,028
Restricted for:			
Stabilization by state statute	38,459	-	38,459
Streets	43,953	-	43,953
Unrestricted	452,163	754,232	1,206,395
Total net position	\$ 811,978	\$ 2,294,857	\$ 3,106,835

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 2

	Program Revenues		
	Charges for	Operating	Capital Grants
Expenses	Services	Grants and	and
		Contributions	Contributions
Functions/Programs			
Primary government:			
Governmental activities:			
General government	\$ 128,524	\$ -	\$ 15,000
Transportation	12,930	-	-
Economic and physical development	-	6,035	-
Environmental protection	35,798	39,413	234
Human services	1,000	-	-
Cultural and recreational	24,729	-	-
Total governmental activities	202,981	45,448	15,000
Business-type activities:			
Water and sewer	187,160	136,368	-
Total primary government	\$ 390,141	\$ 181,816	\$ 15,000

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 2

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	Governmental Activities	Business- type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (113,524)	\$ -	\$ (113,524)
Transportation	(4,719)	-	(4,719)
Economic and physical development	6,035	-	6,035
Environmental protection	3,849	-	3,849
Human services	(1,000)	-	(1,000)
Cultural and recreational	(24,729)	-	(24,729)
Total governmental activities	(134,088)	-	(134,088)
Business-type activities:			
Water and sewer	-	(50,792)	(50,792)
Total primary government	(134,088)	(50,792)	(184,880)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	106,129	-	106,129
Other taxes	44,565	-	44,565
Grants and contributions not restricted to specific programs	17,444	-	17,444
Unrestricted investment earnings	318	530	848
Miscellaneous	738	-	738
Total general revenues	169,194	530	169,724
Change in net position	35,106	(50,262)	(15,156)
Net position, beginning	776,872	2,345,119	3,121,991
Net position, ending	\$ 811,978	\$ 2,294,857	\$ 3,106,835

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Governmental Fund
Balance Sheet
June 30, 2021
Exhibit 3

	<div>Major Fund</div> <div>General</div>
Assets	
Cash and cash equivalents	\$ 457,244
Restricted cash	43,953
Taxes receivable, net	845
Accounts receivable, net	2,167
Due from other governments	14,326
Due from other funds	21,966
Total assets	<u><u>\$ 540,501</u></u>
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 6,131</u>
Deferred inflows of resources	
Property taxes receivable	<u>845</u>
Fund balances	
Restricted	
Stabilization by state statute	38,459
Streets	43,953
Assigned	
Subsequent year's expenditures	10,000
Unassigned	<u>441,113</u>
Total fund balances	<u>533,525</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 540,501</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
June 30, 2021
Exhibit 4

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position follows:

Total fund balances of governmental fund		\$ 533,525
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund (total capital assets on government-wide statement in governmental activities column)	\$ 349,734	
Less accumulated depreciation	<u>(72,331)</u>	
Net capital assets		277,403
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the governmental fund		205
Earned revenues considered deferred inflows of resources in fund statements		<u>845</u>
Net position of governmental activities		<u><u>\$ 811,978</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Governmental Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021
Exhibit 5

	Major Fund
	General
Revenues:	
Ad valorem taxes	\$ 106,713
Unrestricted intergovernmental	62,009
Restricted intergovernmental	23,445
Permits and fees	6,035
Sales and services	38,863
Investment earnings	318
Miscellaneous income	789
Total revenues	<u>238,172</u>
Expenditures:	
Current:	
General government	178,701
Transportation	12,930
Environmental protection	35,798
Human services	1,000
Cultural and recreational	13,208
Total expenditures	<u>241,637</u>
Revenues over (under) expenditures	(3,465)
Other financing sources:	
Sale of capital assets	<u>500</u>
Net change in fund balance	(2,965)
Fund balance, beginning	<u>536,490</u>
Fund balance, ending	<u><u>\$ 533,525</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of the Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2021
Exhibit 6

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

Net change in fund balance of governmental fund	\$ (2,965)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	54,965
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(16,310)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	(492)
Decrease in accrued interest receivable on taxes	(92)
	<hr/>
Total changes in net position of governmental activities	<u><u>\$ 35,106</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
For the Fiscal Year Ended June 30, 2021
Exhibit 7

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 95,000	\$ 95,000	\$ 106,713	\$ 11,713
Unrestricted intergovernmental	40,550	40,550	62,009	21,459
Restricted intergovernmental	8,200	8,200	23,445	15,245
Permits and fees	4,000	4,000	6,035	2,035
Sales and services	38,000	38,000	38,863	863
Investment earnings	1,050	1,050	318	(732)
Miscellaneous income	2,200	2,200	789	(1,411)
Total revenues	189,000	189,000	238,172	49,172
Expenditures:				
Current:				
General government	228,700	228,700	178,701	49,999
Transportation	26,000	26,000	12,930	13,070
Environmental protection	40,000	40,000	35,798	4,202
Human services	1,000	1,000	1,000	-
Cultural and recreational	19,300	19,300	13,208	6,092
Total expenditures	315,000	315,000	241,637	73,363
Revenues over (under) expenditures	(126,000)	(126,000)	(3,465)	122,535
Other financing sources:				
Fund balance appropriated	126,000	126,000	-	(126,000)
Sale of capital assets	-	-	500	500
Total other financing sources	126,000	126,000	500	(125,500)
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	(2,965)	\$ (2,965)
Fund balance, beginning			536,490	
Fund balance, ending			\$ 533,525	

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Proprietary Fund
Statement of Net Position
June 30, 2021
Exhibit 8

Water and Sewer Fund

Assets

Current assets:

Cash and cash equivalents	\$ 775,930
Accounts receivable (net)	3,911
Restricted assets:	
Cash and cash equivalents	22,102
Total current assets	801,943

Capital assets:

Land, non-depreciable improvements, and construction in progress	55,734
Other capital assets, net of depreciation	1,484,891
Capital assets (net)	1,540,625
Total assets	2,342,568

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	3,643
Due to other funds	21,966
Liabilities payable from restricted assets:	
Customer deposits	22,102
Total current liabilities	47,711

Net position

Net investment in capital assets	1,540,625
Unrestricted	754,232
Total net position	\$ 2,294,857

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021
Exhibit 9

	Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 131,670
Other operating revenues	4,698
Total operating revenues	<u>136,368</u>
Operating expenses:	
Water and sewer operations	135,527
Depreciation	51,633
Total operating expenses	<u>187,160</u>
Operating loss	(50,792)
Nonoperating revenues:	
Interest earned	<u>530</u>
Change in net position	(50,262)
Total net position, beginning	<u>2,345,119</u>
Total net position, ending	<u><u>\$ 2,294,857</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
Exhibit 10

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 136,436
Other operating revenues	4,698
Cash paid for goods and services	(113,621)
Cash paid to or on behalf of employees for services	(23,181)
Customer deposits received (net)	3,646
Net cash provided by operating activities	<u>7,978</u>
Cash flows from noncapital financing activities:	
Increase in due to other funds	<u>3,543</u>
Cash flows from investing activities:	
Interest and dividends	<u>530</u>
Net increase in cash and cash equivalents	12,051
Cash and cash equivalents, beginning	<u>785,981</u>
Cash and cash equivalents, ending	<u><u>\$ 798,032</u></u>
Reconciliation of cash and cash equivalents, ending	
Cash and cash equivalents	\$ 775,930
Restricted cash and cash equivalents	<u>22,102</u>
Total cash and cash equivalents	<u><u>\$ 798,032</u></u>

The accompanying footnotes are an integral part of these financial statements.

Town of Sims, North Carolina
Proprietary Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
Exhibit 10

Water and Sewer Fund

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (50,792)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	51,633
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable (net)	4,766
Increase (decrease) in accounts payable and accrued liabilities	(1,275)
Increase (decrease) in customer deposits	3,646
	<hr/>
Total adjustments	58,770
	<hr/>
Net cash provided by operating activities	\$ 7,978
	<hr/>

The accompanying footnotes are an integral part of these financial statements.

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Sims (the “Town”) 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 is a municipal corporation that is governed by an elected mayor and a five-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary 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 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 specific function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a specific program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

Town of Sims, North Carolina

Notes to Financial Statements

The Town reports the following major governmental fund:

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

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.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town 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 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.

Town of Sims, North Carolina

Notes to Financial Statements

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

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

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

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the Governmental Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The budget officer is authorized to reallocate appropriations within departments and may execute inter-departmental transfers, in the same fund, not to exceed \$1,000. Notation of all such transfers shall be made to the Town Council on the next succeeding financial report. No salary increases, beyond those set forth in the budget document, may be made without approval of the Town Council. The governing board must approve any budget revision that alters the total expenditures of any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Town of Sims, North Carolina

Notes to Financial Statements

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

1. Deposits and Investments

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

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

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

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 they 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.

Restricted cash as of June 30, 2021 was comprised of the following amounts:

Governmental Activities

General Fund:

Powell Bill funds	\$ 43,953
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Business-type activities

Water and Sewer Fund:

Customer utility deposits	<u>22,102</u>
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Total restricted cash	<u><u>\$ 66,055</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

Town of Sims, North Carolina

Notes to Financial Statements

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 receivables aging and by analyzing the percentage of receivables that was 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 \$5,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected to record general infrastructure assets on a prospective basis beginning with the implementation of GASB 34. 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:

Asset Class	Estimated Useful Lives
Land improvements	20-25
Buildings	40
Water plant and distribution systems	5-50
Sewer plant and collection systems	50
Equipment and furniture	5-10

7. Deferred Outflows/Inflows of Resources

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

8. Net Position/Fund Balances

Net Position:

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

For purposes of net position classification, expenses are to be spent from restricted net position first and then unrestricted net position.

Fund Balances:

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

The governmental fund types classify fund balances as follows:

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.

Town of Sims, North Carolina

Notes to Financial Statements

Assigned fund balance – portion of fund balance that the Town intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Finance Officer to reallocate appropriations within departments as long as salaries are not increased and between departments not to exceed \$1,000.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds, nor any amounts in nonspendable form.

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

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

10. New Financial Accounting Standards

GASB Statement No. 84, *Fiduciary Activities*

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 87, *Leases*

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been postponed by 18 months.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

Town of Sims, North Carolina Notes to Financial Statements

GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the Town's financial reporting or financial operations.

GASB Statement No. 91, *Conduit Debt Obligations*

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

Town of Sims, North Carolina Notes to Financial Statements

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 92, *Omnibus 2020*

In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020

Town of Sims, North Carolina Notes to Financial Statements

Earlier application is encouraged and is permitted by topic. The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) - most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

Town of Sims, North Carolina

Notes to Financial Statements

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR.

The Town is currently reviewing this statement to determine the effect on its financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Town is currently reviewing this statement to determine the effect on its financial statements.

Town of Sims, North Carolina Notes to Financial Statements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The Town is currently reviewing this statement to determine the effect on its financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensations plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Town does not anticipate this Statement affecting its financial reporting or financial operations.

Town of Sims, North Carolina Notes to Financial Statements

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The Town implemented this statement for the year ended June 30, 2021.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

North Carolina General Statute 159-34 requires each unit of local government to have its accounts audited each fiscal year and to submit a copy of the audit report to the Secretary of the Local Government Commission (LGC) as soon as possible after the close of the fiscal year. Audit reports for municipalities are typically due by October 31 based on the terms of the local government's contract with its auditor. The LGC offers units a one-month grace period, after which a report is considered late. The Town's audit report for the year ended June 30, 2021 was submitted late.

Corrective Action Plan: The Town will endeavor to close its books and records in a more timely fashion and submit them for audit in a time frame that will allow for timely audit submission.

III. 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 securities held by the Town's agents in the Town's 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 the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding

Town of Sims, North Carolina

Notes to Financial Statements

custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$1,299,229 and a bank balance of \$1,313,341. Of the bank balance, \$500,000 was covered by federal depository insurance and \$813,341 was covered by collateral held under the Pooling Method.

2. Receivables – Allowances for Doubtful Accounts

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

	Accounts Receivable	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental activities:				
General Fund	\$ 3,467	\$ 1,774	\$ 14,326	\$ 19,567
Allowance for doubtful accounts	(1,300)	(724)	-	(2,024)
Total governmental activities	<u>\$ 2,167</u>	<u>\$ 1,050</u>	<u>\$ 14,326</u>	<u>\$ 17,543</u>
Business-type activities				
Water and sewer	\$ 16,001	\$ -	\$ -	\$ 16,001
Allowance for doubtful accounts	(12,090)	-	-	(12,090)
Total business-type activities	<u>\$ 3,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,911</u>

The due from other governments that is owed to the Town consists of the following:

General Fund:

Local option sales tax	\$ 8,010
Utility franchise tax	2,844
Wilson County - property taxes	<u>3,472</u>
Total governmental activities	<u>\$ 14,326</u>

Town of Sims, North Carolina
Notes to Financial Statements

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 16,115	\$ -	\$ -	\$ 16,115
Capital assets being depreciated:				
Land improvements	101,537	3,270	-	104,807
Buildings	117,426	36,695	-	154,121
Equipment and furniture	59,691	15,000	-	74,691
Total capital assets being depreciated	278,654	54,965	-	333,619
Less accumulated depreciation for:				
Land improvements	7,687	4,161	-	11,848
Buildings	19,376	4,969	-	24,345
Equipment and furniture	28,958	7,180	-	36,138
Total accumulated depreciation	56,021	\$ 16,310	\$ -	72,331
Total capital assets being depreciated, net	222,633			261,288
Governmental activity capital assets, net	<u>\$ 238,748</u>			<u>\$ 277,403</u>

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

General government	\$ 4,788
Cultural and recreational	<u>11,522</u>
Total depreciation expense	<u>\$ 16,310</u>

Town of Sims, North Carolina
Notes to Financial Statements

Business-type capital asset activity for the Town for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 55,734	\$ -	\$ -	\$ 55,734
Capital assets being depreciated:				
Land improvements	4,900	-	-	4,900
Buildings	6,600	-	3,737	2,863
Water plant and distribution systems	192,565	-	-	192,565
Sewer plant and collection systems	2,330,601	-	-	2,330,601
Equipment and furniture	31,399	-	1,589	29,810
Total capital assets being depreciated	2,566,065	-	5,326	2,560,739
Less accumulated depreciation for:				
Land improvements	4,900	-	-	4,900
Buildings	6,171	143	3,737	2,577
Water plant and distribution systems	173,353	2,957	-	176,310
Sewer plant and collection systems	828,120	46,612	-	874,732
Equipment and furniture	16,997	1,921	1,589	17,329
Total accumulated depreciation	1,029,541	51,633	5,326	1,075,848
Total capital assets being depreciated, net	1,536,524			1,484,891
Business-type activities capital assets, net	<u>\$ 1,592,258</u>			<u>\$ 1,540,625</u>

4. Construction Commitments

The Town had no active construction projects as of June 30, 2021.

B. Liabilities

1. Payables

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

	Vendors	Benefits and Payroll Withholdings	Customer Deposits Payable	Total
Governmental Activities:				
General	\$ 2,598	\$ 3,533	\$ -	\$ 6,131
Business-type Activities:				
Water and sewer	\$ 3,643	\$ -	22,102	\$ 25,745

Town of Sims, North Carolina Notes to Financial Statements

2. Deferred Inflows of Resources

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

	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable (General Fund)	\$ -	\$ 845

3. Risk Management

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

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance through the National Flood Insurance Plan (NFIP). The Town does not own property located in a flood plain and had no flood damage from the extensive damage caused in North Carolina by major hurricanes affecting North Carolina in recent years.

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 coverage with the NC League of Municipalities. The finance officer is bonded for \$50,000 with the NC League of Municipalities.

4. Claims, Judgments and Contingent Liabilities

According to the Town attorney, at June 30, 2021, there are no pending or threatened litigation, claims or assessments against the Town.

Town of Sims, North Carolina
Notes to Financial Statements

C. Interfund Balances and Activity

Balances Due to/from Other Funds

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

Due to the General Fund from the Water and Sewer Fund	<u>\$ 21,966</u>
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The interfund balances due to the General Fund from the Water and Sewer Fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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	\$ 533,525
Less:	
Stabilization by State Statute	38,459
Streets - Powell Bill	43,953
Appropriated Fund Balance in 2022 budget	<u>10,000</u>
Remaining Fund Balance	<u>\$ 441,113</u>

IV. JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with other municipalities, established the Upper Coastal Plain Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$386 to the Council during the fiscal year ended June 30, 2021.

V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. State Assisted Programs

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

VI. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

In July 2021, the Town received \$45,574 from the United States Department of the Treasury from the American Rescue Plan for fiscal year 2022. The Town will receive an equal additional grant in fiscal year 2023. American Rescue Plan grant funds must be obligated by December 31, 2024 and expended by December 31, 2026. Grant funds can be expended for the following purposes:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

The Board has evaluated subsequent events through February 11, 2022, the date which the financial statements were available to be issued.

Supplementary Schedules

This Section Contains Individual Fund Schedules.

Town of Sims, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2021

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year	\$	\$ 105,595	\$	\$ 96,538
Prior years		833		1,274
Penalties and interest		285		166
Total	95,000	106,713	11,713	97,978
Unrestricted intergovernmental:				
Local option sales taxes		44,565		38,082
Utilities sales tax		9,445		9,452
Telecommunications sales tax		4,524		3,996
Video franchise fee		2,147		2,091
Beer and wine tax		1,328		1,303
Total	40,550	62,009	21,459	54,924
Restricted intergovernmental:				
Coronavirus relief funds		15,000		-
Powell Bill allocation		8,211		8,377
Solid waste disposal tax		234		231
Total	8,200	23,445	15,245	8,608
Permits and fees:				
Zoning fees	4,000	6,035	2,035	2,680
Sales and services:				
Garbage, recycling and yard waste collection fees	38,000	38,863	863	35,585
Investment earnings:				
Interest earned	1,050	318	(732)	1,219
Miscellaneous:				
Miscellaneous		239		160
Town Hall rental		500		1,213
Picnic shelter rental		50		300
Total	2,200	789	(1,411)	1,673
Total revenues	189,000	238,172	49,172	202,667

(continued)

Town of Sims, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2021

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures	315,000	241,637	73,363	187,995
Revenues over (under) expenditures	(126,000)	(3,465)	122,535	14,672
Other financing sources				
Appropriated fund balance	126,000	-	(126,000)	-
Sale of capital assets	-	500	500	-
Insurance recovery	-	-	-	7,148
Total other financing sources	126,000	500	(125,500)	7,148
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(2,965)</u>	<u>\$ (2,965)</u>	21,820
Fund balance, beginning		<u>536,490</u>		<u>514,670</u>
Fund balance, ending		<u>\$ 533,525</u>		<u>\$ 536,490</u>

Town of Sims, North Carolina
General Fund
Schedule of Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
General government:				
Governing body:				
Fees paid elected officials	\$	\$ 5,281	\$	\$ 5,126
Administration:				
Salaries and employee benefits		25,206		9,645
Professional fees - attorney		24,962		19,035
Professional fees - audit		18,425		22,350
Contract services - zoning		10,804		3,470
Contract services - technology		4,657		-
Repairs and maintenance		11,598		25,203
Dues and subscriptions		386		387
Advertising		254		66
Education and training		401		70
Insurance and bonds		5,356		7,374
Miscellaneous		2,623		746
Office supplies and postage		6,171		5,537
Travel		67		281
Utilities		3,999		6,440
Telephone		1,940		2,099
Elections expense		-		3,540
Tax collection fees		1,606		1,476
Capital outlay		39,965		-
CARES Act grant - capital outlay		15,000		-
Total general government	228,700	178,701	49,999	112,845
Public safety:				
Fire department:				
Contribution to Sims Volunteer Fire Department	-	-	-	1,000
Transportation:				
Street repair and construction:				
Powell Bill expenditures		388		880
Utilities		12,542		14,012
Total transportation	26,000	12,930	13,070	14,892

(continued)

Town of Sims, North Carolina
General Fund

Schedule of Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

2021				2020
Budget	Actual	Variance Positive (Negative)		Actual
Environmental protection:				
Sanitation:				
Contract services	40,000	35,798	4,202	37,539
Human services:				
Contribution to The Family Food Basket	1,000	1,000	-	-
Cultural and recreational:				
Recreation:				
Salaries and employee benefits		5,460		3,213
Contract services		1,615		2,470
Repairs and maintenance		5,500		1,121
Supplies		72		269
Utilities		561		594
Park grand opening event		-		3,281
Capital outlay		-		10,771
Total cultural and recreational	19,300	13,208	6,092	21,719
Total expenditures	\$ 315,000	\$ 241,637	\$ 73,363	\$ 187,995

Town of Sims, North Carolina
Water and Sewer Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services:				
Water service	\$	\$ 58,386	\$	\$ 50,553
Sewer service		70,437		60,919
Reconnection and late fees		2,847		1,817
Total charges for services	114,150	131,670	17,520	113,289
Other operating revenues	-	4,698	4,698	2,989
Total operating revenues	114,150	136,368	22,218	116,278
Nonoperating revenues:				
Atlantic Coast Pipeline easement	-	-	-	214,723
Interest on investments	-	530	530	1,657
Total revenues	114,150	136,898	22,748	332,658
Expenditures:				
Water and sewer operations	152,500	135,527	16,973	103,072
Capital outlay	-	-	-	2,809
Total expenditures	152,500	135,527	16,973	105,881
Revenues over (under) expenditures	(38,350)	1,371	39,721	226,777
Other financing sources:				
Appropriated retained earnings	38,350	-	(38,350)	-
Revenues and other financing sources over expenditures	\$ -	\$ 1,371	\$ 1,371	\$ 226,777

Town of Sims, North Carolina
Water and Sewer Fund

Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

2021			2020
Budget	Actual	Variance Positive (Negative)	Actual

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

Revenues and other financing sources over expenditures	\$	1,371	\$	226,777
Reconciling items:				
Capital outlay		-		2,809
Depreciation		(51,633)		(51,373)
Change in net position	\$	(50,262)	\$	178,213

Town of Sims, North Carolina
Water and Sewer Fund
Schedule of Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	2021		2020
	Budget	Actual	Variance Positive (Negative)
			Actual
Water and sewer operations:			
Salaries and employee benefits	\$	\$ 23,181	\$ 16,456
Administrative services		1,025	-
Contract services		5,950	6,364
Contract services - system development fee		13,313	4,987
Utilities		4,011	4,296
Repairs and maintenance		17,628	15,763
OCR contract		6,678	6,474
Water purchases		12,816	12,893
Postage		876	535
Office supplies		1,025	109
Telephone		836	793
Miscellaneous		1,148	928
Water analysis		979	143
Chemicals		799	781
Sewer treatment		42,938	32,550
Bank card fees		1,244	-
Bad debts		1,080	-
Total water and sewer operations	152,500	135,527	16,973
			103,072
Capital outlay	-	-	-
			2,809
Total expenditures	\$ 152,500	\$ 135,527	\$ 16,973
			\$ 105,881

Other Schedules

This section contains additional information on property taxes.

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

Town of Sims, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections	Releases	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 106,134 (a)	\$ 105,595 (b)	\$ 7 (a)	\$ 532 (c)
2019-2020	935	-	693	-	242
2018-2019	211	-	-	-	211
2017-2018	208	-	-	-	208
2016-2017	208	-	-	-	208
2015-2016	212	-	119	-	93
2014-2015	-	-	-	-	-
2013-2014	-	-	-	-	-
2012-2013	66	-	18	-	48
2011-2012	30	-	3	-	27
2010-2011	88	-	-	88	-
	<u>\$ 1,958</u>	<u>\$ 106,134</u>	<u>\$ 106,428 (d)</u>	<u>\$ 95</u>	<u>1,569</u>
Less: allowance for uncollectible ad valorem taxes receivable					<u>(724)</u>
Ad valorem taxes receivable - net					<u>\$ 845</u>
Reconciliation to revenues:					
Ad valorem taxes - General Fund					\$ 106,713
Reconciling items:					
Penalties and interest collected					<u>(285)</u>
Total collections					<u>\$ 106,428 (d)</u>

The lower case letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

Town of Sims, North Carolina
Analysis of Current Tax Levy
Town – Wide Levy
June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 19,669,000	0.50	\$ 98,345	\$ 81,513	\$ 16,832
Discoveries:					
Current year taxes	1,557,800		7,789	7,789	-
Abatements	(1,400)		(7)	(7)	-
Total property valuation	<u>\$ 21,225,400</u>				
Net levy			106,127 (a)	89,295	16,832
Uncollected taxes at June 30, 2021			<u>(532) (c)</u>	<u>(532)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 105,595 (b)</u>	<u>\$ 88,763</u>	<u>\$ 16,832</u>
Current levy collection percentage			<u>99.50%</u>	<u>99.40%</u>	<u>100.00%</u>

The lower case letters next to certain amounts on the Schedule of Ad Valorem Taxes Receivable and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.