

Town of Swepsonville

Swepsonville, North Carolina

Audited Financial Statements

Year Ended June 30, 2021

Town of Swepsonville
Swepsonville, North Carolina

Henry Carrouth, Mayor

Town Council

John Andrews

Travis Sapp

Wilbur Suggs

Drew Sharpe, Town Finance Officer

Town of Swepsonville
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June 30, 2021

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Swepsonville, 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 Swepsonville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 of material misstatement.

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

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

Other Matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Cobb Gebriel Loya & Company, PA

Certified Public Accountants
Graham, North Carolina
November 3, 2021

BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis Town of Swepsonville

As management of the Town of Swepsonville, we offer readers of the Town of Swepsonville'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 of Swepsonville's financial statements, which follow this narrative.

Financial Highlights

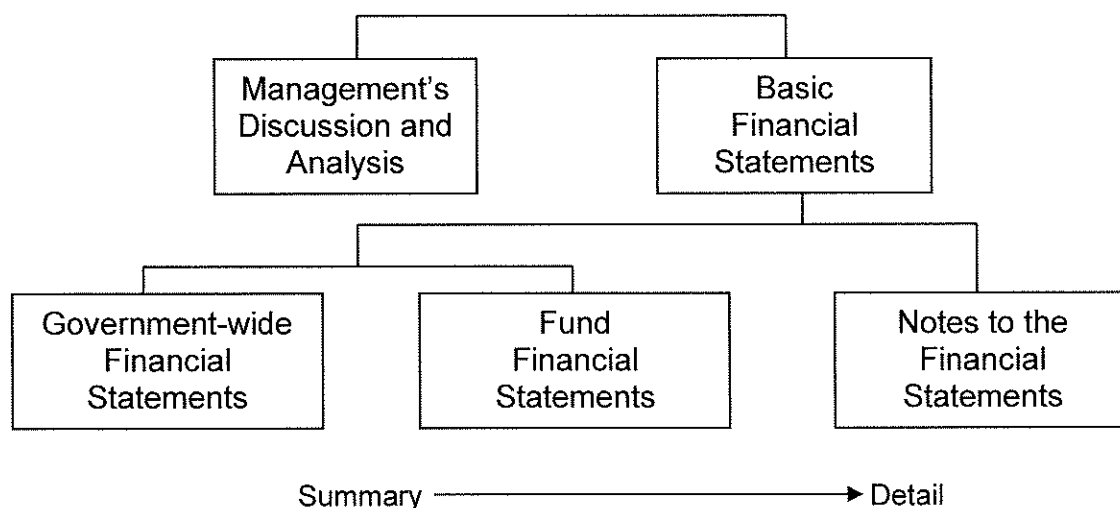
- The assets and deferred outflows of resources of the Town of Swepsonville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,321,667 (*net position*).
- The government's total net position increased by \$494,758 due to a decrease in the government type activities net position of \$529,271 and an increase in the business type activity net position of \$1,024,029.
- As of the close of the current fiscal year, the Town of Swepsonville's governmental funds reported combined ending fund balances of \$3,182,022 with a net change of \$(706,372) in fund balance. Approximately 4% of this total amount, or \$120,081, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,061,941, or 1,132% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Management's Discussion and Analysis

Town of Swepsonville

Basic Financial Statements

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

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

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town of Swepsonville'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 of Swepsonville's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town of Swepsonville'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 of Swepsonville's basic services such as public safety and general administration. Utility franchise and excise taxes and sales taxes finance most of these activities. The business-type activities are those that the Town charge customers to provide.

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

Fund Financial Statements

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

Management's Discussion and Analysis

Town of Swepsonville

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

The Town of Swepsonville 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 and the management of the Town about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town of Swepsonville has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide-financial statements. The Town of Swepsonville uses an enterprise fund to account for its water and sewer activity and operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on page 20 of this report.

Interdependence with Other Entities - The Town of Swepsonville 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.

Management's Discussion and Analysis Town of Swepsonville

Government-Wide Financial Analysis

The Town of Swepsonville's Net Position
Figure 2

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current and other assets	\$ 3,386,426	\$ 3,903,424	\$ 3,683,899	\$ 2,755,638	\$ 2,750,961	\$ 2,471,861	\$ 6,142,064	\$ 6,654,385	\$ 6,155,760
Capital assets	341,694	347,345	320,271	3,311,250	1,973,094	1,901,103	3,652,944	2,320,439	2,221,374
Deferred outflow s of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflow s of resources	\$ 3,728,120	\$ 4,250,769	\$ 4,004,170	\$ 6,066,888	\$ 4,724,055	\$ 4,372,964	\$ 9,795,008	\$ 8,974,824	\$ 8,377,134
Long-term liabilities outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	26,053	19,431	12,077	447,288	128,484	74,184	473,341	147,915	86,261
Deferred inflow s of resources	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflow s of resources	26,053	19,431	12,077	447,288	128,484	74,184	473,341	147,915	86,261
Net position:									
Net investment in capital assets	341,694	347,345	320,271	3,123,250	1,973,094	1,901,103	3,464,944	2,320,439	2,221,374
Restricted	113,162	93,300	96,251	-	-	-	113,162	93,300	96,251
Unrestricted	3,247,211	3,790,693	3,575,571	2,496,350	2,622,477	2,397,677	5,743,561	6,413,170	5,973,248
Total net position	3,702,067	4,231,338	3,992,093	5,619,600	4,595,571	4,298,780	9,321,667	8,826,909	8,290,873
Total Liabilities and net position	\$ 3,728,120	\$ 4,250,769	\$ 4,004,170	\$ 6,066,888	\$ 4,724,055	\$ 4,372,964	\$ 9,795,008	\$ 8,974,824	\$ 8,377,134

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Swepsonville exceeded liabilities by \$9,321,667 as of June 30, 2021.

The Town's net position increased by \$494,758 for the fiscal year ended June 30, 2021. However, the largest portion (37%) reflects the Town's net investment in capital assets (e.g. land, buildings, furniture, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities.

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

- Increased sales tax revenues of approximately \$72,000 due to economic growth in the Town.
- Increased charges for services of almost \$70,000 due to growth in the number of water and sewer users.

Management's Discussion and Analysis Town of Swepsonville

Financial Analysis of the Town's Funds

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

Town of Swepsonville's Changes in Net Position

Figure 3

	Governmental Activities			Business-type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Revenues:									
Program revenues:									
Charges for services	\$ 7,340	\$ -	\$ -	\$ 1,261,994	\$ 1,192,390	\$ 1,041,043	\$ 1,269,334	\$ 1,192,390	\$ 1,041,043
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
General revenues:									
Property taxes	-	-	-	-	-	-	-	-	-
Sales and other taxes	453,550	381,546	369,288	-	-	-	453,550	381,546	369,288
Intergovernmental revenues	112,378	110,050	112,375	-	-	-	112,378	110,050	112,375
Investment Earnings	53,712	56,690	45,639	35,816	37,110	25,398	89,528	93,800	71,037
Sales and service	-	-	200	-	-	-	-	-	200
Miscellaneous Income	143	3,188	2,138	5,967	3,892	23,735	6,110	7,080	25,873
Total revenues	627,123	551,474	529,640	1,303,777	1,233,392	1,090,176	1,930,900	1,784,866	1,619,816
Expenses:									
General government	249,162	152,051	155,784	-	-	-	249,162	152,051	155,784
Streets and highways	3,750	841	1,749	-	-	-	3,750	841	1,749
Public safety	8,781	9,888	26,472	-	-	-	8,781	9,888	26,472
Environmental protection	-	-	886	-	-	-	-	-	886
Cultural and recreation	19,701	24,449	19,864	-	-	-	19,701	24,449	19,864
Water and sewer	-	-	-	1,154,748	1,061,601	1,070,158	1,154,748	1,061,601	1,070,158
Total expenses	281,394	187,229	204,755	1,154,748	1,061,601	1,070,158	1,436,142	1,248,830	1,274,913
Increase in net position	345,729	364,245	324,885	149,029	171,791	20,018	494,758	536,036	344,903
Transfer to/from other funds	(875,000)	(125,000)	-	875,000	125,000	-	-	-	-
Net position, July 1	4,231,338	3,992,093	3,667,208	4,595,571	4,298,780	4,278,762	8,826,909	8,290,873	7,945,970
Net position, June 30	\$ 3,702,067	\$ 4,231,338	\$ 3,992,093	\$ 5,619,600	\$ 4,595,571	\$ 4,298,780	9,321,667	\$ 8,826,909	\$ 8,290,873

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

The general fund is the chief operating fund of the Town of Swepsonville. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,061,941, while total fund balance reached \$3,182,022.

General Fund Budgetary Highlights: 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.

Management's Discussion and Analysis Town of Swepsonville

Capital Asset and Debt Administration

Capital assets. The Town of Swepsonville's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$3,652,944 (net of accumulated depreciation). These assets include land, equipment, and infrastructure.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 217,913	\$ 217,913	\$ 12,643	\$ 12,643	\$ 230,556	\$ 230,556
Construction in progress	-	-	1,625,049	180,515	1,625,049	180,515
Buildings and improvements	64,913	70,496	-	-	64,913	70,496
Furniture, equipment and vehicles	38,768	37,518	61,369	63,582	100,137	101,100
Recreation equipment and improvements	20,100	21,418	-	-	20,100	21,418
Plant and distribution systems	-	-	1,612,189	1,716,354	1,612,189	1,716,354
Total	\$ 341,694	\$ 347,345	\$ 3,311,250	\$ 1,973,094	\$ 3,652,944	\$ 2,320,439

Additional information on the Town's capital assets can be found in note 2 of the Basic Financial Statements.

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

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the activity of the Town of Swepsonville:

- Although the Town experienced the same impacts as the rest of the State from Covid 19 restrictions, Swepsonville is resilient. Sales tax receipts exceeded prior year receipts, and continue to look favorable.
- Both subdivisions and an apartment complex will soon be under construction. Thus continuing to boost population, and while the Town does not have a property tax, assessed values continue to rise.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities – amid continued uncertainties of the pandemic, the Town took a very conservative approach to budgeting. With this approach, state-shared revenues were budgeted to decrease by 9.72%. However, the Town has seen an increase in fees associated with planning / engineering. The budget also included a merit pay increase for employees.

Business-type Activities – total revenue was projected to increase. While the bulk is attributed to an increase in consumption, the balance is due to an increase in both the water and sewer rates. Water saw a 2.5% increase, while sewer was 7.5%. In addition, the Town started construction on the new Virginia Mills Pump Station. The budget also accounts for the Town's dedication to maintenance of its system and to address continue growth

**Management's Discussion and Analysis
Town of Swepsonville**

Request for Information

This report is designed to provide an overview of the Town of Swepsonville's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to:

Town Clerk
Town of Swepsonville
2747 Darrell Newton Drive
Graham, NC 27253

Town of Swepsonville
Statement of Net Position
June 30, 2021

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,028,958	\$ 2,600,241	\$ 5,629,199
Accounts receivable (net)	2,611	143,626	146,237
Due from (to) other funds	188,000	(188,000)	-
Due from other governments	106,276	-	106,276
Accrued interest receivable	4,275	2,243	6,518
Prepaid insurance	6,919	4,105	11,024
Restricted Cash and Cash Equivalents	-	193,423	193,423
Total current assets	3,337,039	2,755,638	6,092,677
Non-current Assets:			
Governmental bonds, at amortized cost	49,387	-	49,387
Capital assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	217,913	1,637,692	1,855,605
Other capital assets, net of depreciation	123,781	1,673,558	1,797,339
Total capital assets	341,694	3,311,250	3,652,944
Total assets	3,728,120	6,066,888	9,795,008
Deferred Outflows of Resources	-	-	-
Liabilities			
Current liabilities:			
Accounts payable	14,730	406,268	420,998
Accrued expenses	11,323	5,570	16,893
Customer deposits	-	35,450	35,450
Total current liabilities	26,053	447,288	473,341
Deferred Inflows of Resources	-	-	-
Net Position			
Net investments in capital assets	341,694	3,123,250	3,464,944
Restricted for Stabilization by State Statute	113,162	-	113,162
Unrestricted	3,247,211	2,496,350	5,743,561
Total net position	\$ 3,702,067	\$ 5,619,600	\$ 9,321,667

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

Town of Swepsonville
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	249,162 \$	- \$	-	- \$	(249,162) \$	-	(249,162)
Streets and highways	3,750	-	-	-	(3,750)	-	(3,750)
Public safety	8,781	-	-	-	(8,781)	-	(8,781)
Environmental protection	-	-	-	-	-	-	-
Cultural and recreation	19,701	7,340	-	-	(12,361)	-	(12,361)
Total governmental activities	281,394	7,340	-	-	(274,054)	-	(274,054)
Business-type activities:							
Water	1,154,748	1,261,994	-	-	-	107,246	107,246
Total business-type activities	1,154,748	1,261,994	-	-	-	107,246	107,246
Total primary government	\$ 1,436,142	\$ 1,269,334	- \$	- \$	(274,054)	107,246	(166,808)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					-	-	-
Other taxes					453,550	-	453,550
Licenses and permits					-	-	-
Intergovernmental revenues					112,378	-	112,378
Sales and services					-	-	-
Unrestricted investment earnings					53,712	35,816	89,528
Miscellaneous					143	5,967	6,110
Total general revenues excluding transfers					619,783	41,783	661,566
Transfers					(875,000)	875,000	-
Total general revenues and transfers					(255,217)	916,783	661,566
Total change in net position					(529,271)	1,024,029	494,758
Net position-beginning					4,231,338	4,595,571	8,826,909
Net position-ending					\$ 3,702,067	\$ 5,619,600	\$ 9,321,667

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

**Town of Swepsonville
Balance Sheet
Governmental Funds
June 30, 2021**

Exhibit 3

	Major Fund - General	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,028,958	\$ -	\$ 3,028,958
Accounts receivable (net)	2,611	-	2,611
Due from other governments	106,276	-	106,276
Accrued interest receivable	4,275	-	4,275
Prepaid insurance	6,919	-	6,919
Governmental bonds, at amortized cost	49,387	-	49,387
Total assets	<u>\$ 3,198,426</u>	<u>\$ -</u>	<u>\$ 3,198,426</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 16,404	\$ -	\$ 16,404
Total liabilities	<u>16,404</u>	<u>-</u>	<u>16,404</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non Spendable			
Prepays	6,919	-	6,919
Restricted			
Stabilization by State Statute	113,162	-	113,162
Committed	-	-	-
Assigned			
Subsequent year's expenditures	-	-	-
Unassigned, General Fund	3,061,941	-	3,061,941
Total fund balances	<u>3,182,022</u>	<u>-</u>	<u>3,182,022</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,198,426</u>	<u>\$ -</u>	

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

Total Fund Balance, Governmental Funds	3,182,022
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	341,694
Consolidation adjustment for the loan from the General Fund to the Water and Sewer Fund capital project	188,000
Liabilities for earned revenues considered deferred inflows of resources in fund	(9,649)
Net position of governmental activities	<u>\$ 3,702,067</u>

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

Town of Swepsonville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

Exhibit 4

	Major Fund - General	Non-Major Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ -
Other taxes and licenses	453,550	-	453,550
Unrestricted intergovernmental	112,377	-	112,377
Restricted intergovernmental	-	-	-
Permits and fees	-	-	-
Sales and services	7,340	-	7,340
Investment earnings	53,712	-	53,712
Other revenues	143	-	143
Total revenues	<u>627,122</u>	<u>-</u>	<u>627,122</u>
Expenditures:			
General government	238,199	-	238,199
Streets and highways	3,750	-	3,750
Public safety	8,781	-	8,781
Environmental protection	-	-	-
Cultural and recreation	19,764	-	19,764
Contingency	-	-	-
Total expenditures	<u>270,494</u>	<u>-</u>	<u>270,494</u>
Revenues over (under) expenditures	356,628	-	356,628
Other financing sources (uses)	<u>(1,063,000)</u>	<u>-</u>	<u>(1,063,000)</u>
Net change in fund balance	(706,372)	-	(706,372)
Fund balance, beginning	3,888,394	-	3,888,394
Fund balance, ending	<u>\$ 3,182,022</u>	<u>\$ -</u>	<u>\$ 3,182,022</u>

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

Net changes in fund balances - total governmental funds	\$ (706,372)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period	
Capital outlay expenditures which were capitalized	9,477
Depreciation expense for governmental assets	(15,129)
Book value of disposed capital asset not recorded in fund statements	-
Consolidation adjustment for the loan from the General Fund to the Water and Sewer Fund capital project	188,000
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(5,247)
Total changes in net position of governmental activities	<u>\$ (529,271)</u>

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

**Town of Swepsonville
General Fund**

Exhibit 5

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

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	325,000	325,000	453,550	128,550
Unrestricted intergovernmental	101,600	101,600	112,377	10,777
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	900	900	7,340	6,440
Investment earnings	15,000	15,000	53,712	38,712
Other revenues	800	800	143	(657)
Total revenues	<u>443,300</u>	<u>443,300</u>	<u>627,122</u>	<u>183,822</u>
Expenditures:				
General government	357,550	368,900	238,199	130,701
Streets and highways	7,400	7,400	3,750	3,650
Public safety	10,000	10,000	8,781	1,219
Environmental protection	1,300	1,600	-	1,600
Cultural and recreation	48,050	36,400	19,764	16,636
Contingency	-	-	-	-
Total expenditures	<u>424,300</u>	<u>424,300</u>	<u>270,494</u>	<u>153,806</u>
Revenues over (under) expenditures	<u>19,000</u>	<u>19,000</u>	<u>356,628</u>	<u>337,628</u>
Other financing sources (uses):				
Transfer to capital project	-	-	(1,063,000)	(1,063,000)
Appropriated fund balance	-	-	-	-
Reserved fund balance	<u>(19,000)</u>	<u>(19,000)</u>	<u>-</u>	<u>19,000</u>
Total other financing sources (uses)	<u>(19,000)</u>	<u>(19,000)</u>	<u>(1,063,000)</u>	<u>(1,044,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(706,372)</u>	<u>\$ (706,372)</u>
Fund balances:				
Beginning of year - July 1			3,888,394	
End of year - June 30			<u>\$ 3,182,022</u>	

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

**Town of Swepsonville
Statement of Net Position
Proprietary Fund
June 30, 2021**

Exhibit 6

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,600,241
Accounts receivable (net)	143,626
Accrued interest receivable	2,243
Due to other funds	(188,000)
Prepaid insurance	4,105
Restricted cash and cash equivalents	193,423
Total current assets	<u>2,755,638</u>
Noncurrent assets:	
Capital assets:	
Land and Construction in Progress	1,637,692
Other capital assets, net of depreciation	1,673,558
Capital assets (net)	<u>3,311,250</u>
Total noncurrent assets	<u>3,311,250</u>
Total assets	<u><u>\$ 6,066,888</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 411,838
Customer deposits	35,450
Total current liabilities	<u>447,288</u>
NET POSITION	
Net investment in capital assets	3,123,250
Restricted for Capital Reserve Fund	76,610
Unrestricted	<u>2,419,740</u>
Total net position	<u>5,619,600</u>
Total Liabilities and net position	<u><u>\$ 6,066,888</u></u>

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

Town of Swepsonville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

Exhibit 7

	<u>Water/Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,218,494
Water and sewer taps	-
Other operating revenue	43,500
Total operating revenues	<u>1,261,994</u>
OPERATING EXPENSES	
Administration	29,439
Finance	72,261
Water distribution and maintenance	352,588
Waste collection and treatment	591,102
Depreciation	109,358
Total operating expenses	<u>1,154,748</u>
Operating income (loss)	<u>107,246</u>
NONOPERATING REVENUES (EXPENSES)	
Interest on investments	35,816
Miscellaneous income	5,967
Total nonoperating revenue (expenses)	<u>41,783</u>
Income before transfers	149,029
Transfer to / from other funds	<u>875,000</u>
Change in net position	1,024,029
Total net position - beginning	<u>4,595,571</u>
Total net position - ending	<u><u>\$ 5,619,600</u></u>

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

Town of Swepsonville
Statement of Cash Flows
Proprietary Fund Type - Enterprise Fund
For the Year Ended June 30, 2021

Exhibit 8

	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 1,221,636
Cash paid for goods and services	(1,029,289)
Cash paid to or on behalf of employees for services	(63,749)
Other cash revenues	43,500
Customer deposits received	9,350
Customer deposits refunded	-
Net cash provided (used) by operating activities	<u>181,448</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(1,094,517)
Nonoperating revenues	1,068,466
Net cash provided (used) by capital and related financing activities	<u>(26,051)</u>
Cash flows from investing activities	
Investment earnings	<u>33,697</u>
Net cash provided (used) by investing activities	<u>33,697</u>
 Net increase (decrease) in cash and cash equivalents	 <u>189,094</u>
 Balances-beginning of the year	 <u>2,604,570</u>
Balances-end of the year	<u>\$ 2,793,664</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	<u>\$ 107,246</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	109,358
Provision for uncollectible accounts	(2,494)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	5,636
(Increase) decrease in prepaid insurance	(4,105)
Increase (decrease) in accounts payable	(42,244)
Increase (decrease) in accrued expenses	(1,299)
Increase (decrease) in customer deposits	9,350
Total adjustments	<u>74,202</u>
Net cash provided (used) by operating activities	<u>\$ 181,448</u>

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

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town of Swepsonville was incorporated on November 4, 1997. It is located in the southeastern part of Alamance County, North Carolina. It encompasses most of the area formerly known as the Swepsonville Sanitary District.

The governing body of the Town is the Town Council which has five (5) members. The Town Council is elected on a nonpartisan basis with results determined on a plurality basis. The Mayor is chosen by the Town Council.

Generally accepted accounting principles require that these financial statements present the primary government (i.e. the Town) and any component units. Component units are defined as legally separate organizations for which the elected officials of the Town are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete.

The Town of Swepsonville has no component units as defined above.

B. Basis of Presentation

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

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

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

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

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

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are the local option sales tax and the utility franchise and excise tax. The primary expenditures are for general government and recreation services.

The Town has no non-major governmental funds.

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. One Water and Sewer Capital Reserve Fund and one Capital Project Fund have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Reserve Fund and the Capital Project Fund have been included in the supplemental information.

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. Revenues from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and

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

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

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

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Swepsonville because the tax is levied by Alamance 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 may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, if and when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances, if applicable, are adopted for the Capital Project Fund and the Enterprise Fund Capital Projects Fund. These appropriations continue until the project is completed. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the Town Council. During the year, several amendments were made to the budget. The budget ordinance must be adopted by July 1 of the fiscal year or the Town Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

Deposits and Investments

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

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

The Town's investments in governmental bonds are reported at original cost net of accumulated amortization of premiums and discounts.

The Town does not have a formal investment or credit risk policy.

Cash and Cash Equivalents

The Town pools some of its money from the General Fund and Water and Sewer Fund in order to facilitate disbursement and investment and to maximize investment income. All cash and investments are essentially demand deposits and are considered cash and cash equivalents. For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with maturity of twelve months or less when purchased to be cash equivalents.

Restricted Assets

Any funds legally restricted to a specific use are classified as restricted assets. Customer deposits held by the Town before any services are applied and restricted to the service for which the deposit was collected. The Town of Swepsonville's restricted cash is equal to the water and sewer customer deposits in the amount of \$35,450 and funds that have been restricted for capital improvements in the amount of \$157,973, for a total restricted cash balance of \$193,423.

Ad Valorem Taxes Receivable

The Town has not exercised its authority to levy ad valorem taxes, therefore no ad valorem taxes are receivable at June 30, 2021.

Should the Town exercise its authority to levy ad valorem taxes in the future, that levy would normally take place on July 1, the beginning of the fiscal year, and would be based on the assessed values as of the preceding January 1. The ad valorem taxes would be due on September 1, however interest would not accrue until the following January 6.

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

Allowances for Doubtful Accounts

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

Inventory and Prepaid Items

The Town's General Fund inventory consists of an immaterial amount of expendable supplies that are recorded as expenditures as purchased rather than when used.

The inventories of the Town's water and sewer fund consist of an immaterial amount of materials and supplies held for subsequent use. The cost of these inventories is expensed when purchased.

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is currently \$200 for all types of assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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 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
Buildings	30
Furniture & equipment	5-10
Recreation facilities	5-40
Water & sewer lines and stations	40
Vehicles	3-5
Improvements	8-40

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town does not have any deferred outflow or inflows of resources.

Long-Term Obligations

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

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

Compensated Absences

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

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

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

Net Position/Fund Balances

Net Position

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

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 funds can be spent.

The governmental fund types classify fund balances as follows:

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

 Prepaid expenses – portion of fund balance that has been expended for the benefit of future periods.

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.

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Swepsonville's Town Council. Any changes or removal of specific purpose requires majority action by the Town Council.

Assigned Fund Balance – portion of fund balance that the Town of Swepsonville 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.

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

The Town of Swepsonville has not adopted a minimum fund balance policy for the general fund.

Estimates

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

2. Detail Notes on All Funds

A. Assets

Deposits and Investments

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 agent 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 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. 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

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

standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021 the Town's deposits had a carrying amount of \$5,822,497, and a bank balance of \$5,821,552. Of the bank balance, \$1,060,212 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. In addition, the Recreation Department has a petty cash fund of \$125.

The following is a schedule of the Town's cash and investment balances at June 30, 2021:

Schedule of Cash and Investment Balances

	<u>Cost Value</u>	<u>Market Value</u>
Cash, Cash Equivalents, and Certificates of Deposit:		
On hand	\$ 125	\$ 125
In demand deposits	1,909,006	1,909,006
In time deposits:		
NOW, Super NOW, and money market accounts	-	-
Certificates of deposit	<u>3,913,491</u>	<u>3,913,491</u>
Total cash and investments	<u>\$ 5,822,622</u>	<u>\$ 5,822,622</u>
Distribution by Fund:		
General Fund	3,028,958	
Enterprise Fund - Water Fund	<u>2,793,664</u>	
	<u>\$ 5,822,622</u>	

At June 30, 2021 the Town's investment balances were as follows:

Description/Issuer	Par Value	Maturity Date	Interest Rate	Amortized Cost	Unrealized gain (loss)	Fair Value
Bond, Brunswick County, NC	<u>50,000</u>	4/1/2025	3.00%	<u>49,387</u>	<u>1,568</u>	<u>50,955</u>
	<u>\$ 50,000</u>			<u>\$ 49,387</u>	<u>\$ 1,568</u>	<u>\$ 50,955</u>

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

The bond valuation measurement method is amortized cost. All bonds are considered level 1 investments. Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The bonds are classified as Held to Maturity since it is the Town's intent and ability to hold the bonds until maturity. Accordingly, the bonds are shown in the financial statements at cost plus or minus any unamortized premium or discount. Premiums and discounts are amortized using the straight-line method over the lives of the bonds.

The town has approved that no more than \$500,000 be made available for investing in bonds. The bonds are to be purchased in varying amounts. Maturity dates are to be between six (6) and twelve (12) years.

Edward Jones shall serve as the investment advisor and Truist Bank shall serve as the custodian of the bonds.

Interest Rate Risk – The Town does not have a formal written investment rate policy that manages its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town does not have a formal written investment policy regarding credit risk; however, the Town has directed the Town's investment advisor and its Finance Director to limit investments to the provisions of G.S. 159-30 and to restrict investments to those with the highest possible ratings.

Custodial Credit Risk – The Town does not have a formal written policy regarding custodial credit risk, but the Town does utilize a third party custodial agent for book entry transactions. The custodian is Truist Bank which has a trust department authorized to do trust work in North Carolina and has an account with the Federal Reserve. Custodial credit risk is the risk that in the event of a failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The Town does not have a formal written policy regarding concentration of credit risk.

Receivables – Allowance for Doubtful Accounts

The receivable balances shown in the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

<u>General Fund</u>	<u>Amount</u>
Water and Sewer Fund	<u>\$18,178</u>

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

Capital Assets

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	\$ 217,913	\$ -	\$ -	\$ 217,913
Total capital assets not being depreciated	217,913	-	-	217,913
Capital assets being depreciated:				
Buildings and improvements	145,255	271	2,698	142,828
Furniture, fixtures & equipment	25,940	9,225	4,696	30,469
Vehicles	55,631	-	-	55,631
Recreation equipment and improvements	87,595	-	(6,868)	94,463
Total capital assets being depreciated	314,421	9,496	526	323,391
Less accumulated depreciation for:				
Buildings and improvements	74,759	3,156	-	77,915
Furniture, fixtures & equipment	20,479	2,769	4,679	18,569
Vehicles	23,574	5,189	-	28,763
Recreation equipment and improvements	66,177	4,015	(4,171)	74,363
Total accumulated depreciation	184,989	\$ 15,129	\$ 508	199,610
Total capital assets being depreciated, net	129,432			123,781
Governmental activity capital assets, net	<u>\$ 347,345</u>			<u>\$ 341,694</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 12,643	\$ -	\$ -	\$ 12,643
Construction in progress	180,515	1,444,534	-	1,625,049
Total capital assets not being depreciated	193,158	1,444,534	-	1,637,692
Capital assets being depreciated:				
Plant and distribution systems	3,317,105	2,100	-	3,319,205
Equipment and vehicles	115,044	880	-	115,924
Total capital assets being depreciated	3,432,149	2,980	-	3,435,129
Less accumulated depreciation for:				
Plant and distribution systems	1,600,752	106,264	-	1,707,016
Equipment and vehicles	51,461	3,094	-	54,555
Total accumulated depreciation	1,652,213	\$ 109,358	\$ -	1,761,571
Total capital assets being depreciated, net	1,779,936			1,673,558
Business-type activity capital assets, net	<u>\$ 1,973,094</u>			<u>\$ 3,311,250</u>

The Town has active construction projects as of June 30, 2021.

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

The fixed assets acquired from the Swepsonville Sanitary District, the predecessor to the Town of Swepsonville's Water and Sewer Fund, are recorded at the District's original cost. Accumulated depreciation, through the date of transfer, has also been carried forward from the District.

B. Liabilities

1. Pension Plan and Postemployment Obligations

The Town has no pension plan or postemployment benefits and therefore has no pension plan or OPEB obligations.

2. Deferred Outflows and Inflows of Resources

The Town has no deferred outflows/inflows of resources at June 30, 2021.

3. Commitments

At June 30, 2021, the Town had no material contractual commitments other than for normal contracted services.

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Town participates in 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 up to \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation.

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

The Town has adopted a flood damage prevention ordinance and flood prone areas within the jurisdiction of the Town have been identified. Flood insurance is available to the Town and its residents; however the Town has determined that coverage is not needed at this present time.

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

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

5. Claims and Judgements

At June 30, 2021 there were no pending or threatened litigation, claims or assessments against the Town.

6. Long-Term Obligations

The Town has no material long-term lease obligations.

The Town does record a long term liability for accrued vacation, in the general fund in the amount of \$5,783 and in the water and sewer fund in the amount of \$3,855.

C. 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	<u>\$3,182,022</u>
Less:	
Stabilization by State Statute	(113,162)
Appropriated Fund Balance in the 2022 budget	-
Prepaid Expenses	<u>(6,919)</u>
Working Capital/Fund Balance	<u>(3,061,941)</u>
Remaining Fund Balance	<u>\$ -0-</u>

D. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from 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 moneys.

E. Related Party Transaction

Throughout the year and from time to time, a member of the Town Council receives compensation related to providing equipment for the Town's use. It is believed this compensation is not in excess of fair market value.

F. Significant Effects of Subsequent Events

In accordance with ASC 855, the Town evaluated subsequent events through November 3, 2021, the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements.

General Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balances - Budget and Actual - General Fund

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
<u>Revenues</u>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses:				
Local option sales tax	325,000	453,550	128,550	381,546
Unrestricted intergovernmental:				
Utility franchise tax/excise tax	95,000	106,075	11,075	103,745
Beer and wine tax	5,600	6,302	702	6,305
Sales Tax Refunds	1,000	-	(1,000)	-
Total	101,600	112,377	10,777	110,050
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	1,200
Sales and services:				
Recreation fees	900	7,340	6,440	-
Investment earnings	15,000	53,712	38,712	56,690
Other revenues:				
Miscellaneous	800	143	(657)	1,988
Total	800	143	(657)	1,988
Total revenues	443,300	627,122	183,822	551,474
<u>Expenditures</u>				
<u>General Government</u>				
Governing body:				
Contracted services- Board of Elections	2,400	-	2,400	2,665
Payroll taxes	600	-	600	-
Insurance and bonds	2,100	380	1,720	-
Travel and training	1,000	125	875	150
Street Lighting	-	1,696	(1,696)	700
Miscellaneous	300	(4,958)	5,258	119
Capital Outlay	5,500	4,399	1,101	-
Total	11,900	1,642	10,258	3,634

Town of Swepsonville, North Carolina
General Fund

Schedule 1
(continued)

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
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
Administration				
Professional services - legal	\$ 24,000	\$ 18,038	\$ 5,962	\$ 25,832
Professional services - accounting	3,500	2,871	629	1,390
Salaries and wages	98,000	95,896	2,104	28,975
Payroll taxes	7,400	7,195	205	2,883
Employee Benefits	1,300	-	1,300	218
Office supplies	1,700	785	915	1,422
Travel and Training	2,000	-	2,000	1,215
Telephone	2,200	2,061	139	1,657
Software subscription	3,450	210	3,240	-
Website services	10,000	5,709	4,291	1,611
Vehicle expense	200	486	(286)	248
Postage	2,000	1,031	969	4,292
Printing and copying	600	-	600	34
Maintenance and repairs-equipment	600	-	600	-
Contracted services	35,955	12,930	23,025	-
Legal advertising	700	688	12	641
Insurance and bonds	4,950	10,846	(5,896)	3,997
Dues and subscriptions	3,000	2,370	630	2,386
Miscellaneous	4,000	1,449	2,551	8,577
Bank Service Charge	45	31	14	20
Engineering services	27,300	15,558	11,742	20,669
Capital outlays	4,000	3,967	33	1,145
Retirement Expense	16,000	3,104	12,896	1,193
Group insurance	16,000	16,653	(653)	7,805
Capital outlay	-	-	-	31,321
Total	<u>268,900</u>	<u>201,878</u>	<u>67,022</u>	<u>147,531</u>
Finance:				
Professional services - audit	6,200	7,075	(875)	6,200
Professional services - accounting	13,500	6,267	7,233	8,539
Investment fees	600	66	534	113
Insurance and bonds	600	123	477	364
Miscellaneous	-	-	-	-
Total	<u>20,900</u>	<u>13,531</u>	<u>7,369</u>	<u>15,216</u>

Town of Swepsonville, North Carolina
General Fund

Schedule 1
(continued)

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

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

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
<u>Expenditures (continued):</u>				
<u>General government (continued)</u>				
Public buildings:				
Electricity	\$ 3,250	\$ 1,850	\$ 1,400	\$ 1,299
Fuel oil/gas	1,200	390	810	475
Departmental supplies	600	274	326	85
Utilities	-	-	-	64
Repairs and maintenance - buildings	9,500	1,354	8,146	555
Repairs and maintenance - grounds	4,500	2,583	1,917	2,298
Insurance and bonds	2,550	380	2,170	2,000
Virginia Mills property clean-up	40,000	13,150	26,850	-
Miscellaneous	600	56	544	70
Capital Outlays	5,000	1,111	3,889	5,400
Total	67,200	21,148	46,052	12,246
Total General Government	368,900	238,199	130,701	178,627
Public Safety:				
Contracted services - animal control	10,000	8,781	1,219	9,888
Total Public Safety	10,000	8,781	1,219	9,888
Environmental Protection:				
Stormwater management	1,600	-	1,600	-
Total Environmental protection	1,600	-	1,600	-
Streets and Highways:				
Street lighting	2,400	-	2,400	841
Street signs	500	-	500	-
Street repairs and maintenance	4,500	3,750	750	-
Total Environmental protection	7,400	3,750	3,650	841
Cultural and Recreational:				
Salaries and wages	13,200	10,569	2,631	13,672
Payroll taxes	1,600	762	838	1,033
Employee benefits	50	-	50	-
Retirement expense	1,650	-	1,650	-
401k match	300	-	300	-
Contract services	-	-	-	300
Ballfield lighting	4,500	2,116	2,384	866
Maintenance and repairs	4,800	570	4,230	686
Mowing and grading	6,500	4,880	1,620	3,354
Departmental supplies	800	867	(67)	337
Miscellaneous	1,500	-	1,500	935
Capital Outlay - Ball field	1,500	-	1,500	3,765
Total Cultural and Recreational	36,400	19,764	16,636	24,948

Town of Swepsonville, North Carolina
General Fund

Schedule 1
(continued)

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

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

	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Total Expenditures	\$ 424,300	\$ 270,494	\$ 153,806
Revenues Over (Under) Expenditures	19,000	356,628	337,628
Other Financing Sources (Uses)			
Transfer to capital project	-	(1,063,000)	(1,063,000)
Fund balance appropriated	-	-	-
Reserve for contingencies	-	-	-
Reserve for new town hall	(9,500)	-	9,500
Reserve for storm damage	(9,500)	-	9,500
Total Other Financing Sources and (Uses)	(19,000)	(1,063,000)	(1,044,000)
Net change in fund balance	\$ -	(706,372)	\$ (706,372)
Fund balance - beginning		3,888,394	3,676,224
Fund balance - ending		\$ 3,182,022	\$ 3,888,394

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

Schedule 2

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Water sales	\$ 631,000	\$ 624,742	\$ (6,258)	\$ 600,287
Sewer charges	534,000	587,352	53,352	510,977
Late payment charges	2,000	6,400	4,400	900
System development fee income	278,000	43,500	(234,500)	21,863
Access fees	20,000	-	(20,000)	58,363
Total operating revenues	1,465,000	1,261,994	(203,006)	1,192,390
Nonoperating revenues:				
Interest on investments	16,000	35,816	19,816	37,110
Sales tax refunds	1,000	-	(1,000)	-
Miscellaneous income	13,400	5,967	(7,433)	3,892
Total nonoperating revenues	30,400	41,783	11,383	41,002
Total revenues	1,495,400	1,303,777	(191,623)	1,233,392
Expenditures:				
Administration:				
Consultation - accounting	4,200	1,350	2,850	5,580
Salaries and wages	21,500	18,226	3,274	17,781
Payroll taxes	1,700	1,337	363	1,460
Group Insurance	-	-	-	218
Retirement	1,900	2,269	(369)	2,344
401k match	750	-	750	-
Life insurance	200	-	200	-
Casual labor - contributed services	1,800	1,221	579	-
Postage	2,500	1,052	1,448	-
Office Supplies	600	625	(25)	611
Engineering services	23,000	386	22,614	4,390
Permits and licenses	2,500	1,803	697	2,671
Travel and training	400	50	350	-
Mowing and grading	4,300	4,200	100	-
Vehicle expense	1,800	1,843	(43)	1,111
Insurance and bonds	3,000	188	2,812	4,000
Dues and subscriptions	600	425	175	425
Miscellaneous	500	(5,401)	5,901	15
Total	71,250	29,574	41,676	40,606
Finance:				
Salaries and wages	23,000	23,070	(70)	23,048
Payroll taxes	1,900	1,759	141	1,880
Retirement	2,200	-	2,200	-
Life insurance	200	-	200	-
Audit	7,500	7,075	425	5,450

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

Schedule 2
(continued)

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures (continued):				
Office Supplies	1,000	789	211	976
Postage	5,000	3,320	1,680	2,758
Bookkeeping and accounting	5,000	6,816	(1,816)	4,645
Software subscription service	17,500	15,288	2,212	5,014
Telephone	1,100	1,072	28	1,078
Travel and training	1,000	2	998	85
Bank service charges	600	261	339	423
Insurance and bonds	1,000	603	397	1,000
Miscellaneous	1,000	585	415	598
Group insurance	12,500	11,785	715	3,551
Total	80,500	72,425	8,075	50,506
Water distribution and maintenance				
Salaries and wages	16,300	10,782	5,518	21,483
Payroll taxes	1,350	836	514	1,611
Group insurance	500	-	500	49
Life insurance	50	-	50	-
401 match	675	-	675	-
Retirement	500	-	500	-
Water purchased for resale	325,000	307,253	17,747	306,944
Storm water management	-	1,446	(1,446)	1,250
Contracted services-water testing	4,800	4,295	505	1,505
Travel and training	1,000	-	1,000	85
Departmental supplies	5,500	1,677	3,823	1,849
Utilities	600	-	600	-
Repairs and maintenance	35,000	26,378	8,622	12,818
Total	391,275	352,667	38,608	347,594
Waste collection and treatment				
Salaries and wages	14,300	10,782	3,518	21,483
Payroll taxes	1,350	836	514	1,673
Retirement	500	-	500	-
Life insurance	50	-	50	-
Group insurance	500	-	500	-
401k match	675	-	675	-
Electrical power	14,200	13,128	1,072	14,256
Telephone	15,700	-	15,700	-
Fuel Oil/Gas	1,000	492	508	566
Departmental supplies	500	18	482	(153)
Repairs and maintenance	82,500	67,812	14,688	47,801

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

Schedule 2
(continued)

	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			<u>Actual</u>
Insurance and bonds	\$ 1,600	\$ 271	\$ 1,329
Miscellaneous	1,500	946	554
Bulk treatment	539,000	496,851	42,149
Total	673,375	591,136	82,239
Budgetary appropriations:			
Reserve for contingencies	-	-	-
Capital outlays	1,000	2,980	(1,980)
Total	1,000	2,980	(1,980)
Total Expenditures	1,217,400	1,048,782	168,618
Revenues over (under) expenditures	278,000	254,995	(23,005)
Other financing sources (uses):			
Appropriated fund balance	-	-	-
Transfer to capital project fund	(278,000)	(75,519)	202,481
Transfer to capital reserve fund	-	(43,500)	(43,500)
	(278,000)	(119,019)	158,981
Revenue and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 135,976</u>	<u>\$ 135,976</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenues and other sources over expenditures and other uses		\$ 135,976	\$ 173,990
Reconciling items:			
Capital outlay		2,980	618
Depreciation and amortization		(109,358)	(109,142)
Transfer to capital project fund		75,519	84,462
Transfer to capital reserve fund		43,500	21,863
Transfer from general fund		875,000	125,000
Decrease (increase) in accrued vacation payable		412	-
Total reconciling items		888,053	122,801
Change in net position		<u>\$ 1,024,029</u>	<u>\$ 296,791</u>

Town of Swepsonville, North Carolina
Capital Reserve Fund - System Development Fees
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

Schedule 3

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures				
Capital outlay improvements	\$ -	\$ -	\$ -	\$ -
Capital outlay equipment	-	-	-	-
Total Expenditures	-	-	-	-
Revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfer to Water and Sewer Fund	-	-	-	-
Transfer from Water and Sewer Fund	-	43,500	43,500	21,863
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>43,500</u>	<u>\$ 43,500</u>	<u>21,863</u>
Fund balance, beginning		<u>37,863</u>		<u>16,000</u>
Fund balance, ending		<u>\$ 81,363</u>		<u>\$ 37,863</u>

Town of Swepsonville, North Carolina
Capital Project Fund - Sewer Capacity Projects
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

Schedule 4

	Actual				Variance
	Project	Prior	Current	Total	Positive
	Authorization	Year	Year	To date	(Negative)
Expenditures					
Project 1 - Point Repairs to Sewer Collection System					
Engineering services	\$ 20,000	\$ 19,436	\$ -	\$ 19,436	\$ 564
Construction expenses	120,000	30,805	-	30,805	89,195
Contingency expenses	10,000	-	-	-	10,000
	150,000	50,241	-	50,241	99,759
Project 2 - Virginia Mills Pump Station					
Engineering services	187,500	95,783	80,413	176,196	11,304
Construction expenses	1,162,500	6,990	1,306,155	1,313,145	(150,645)
Contingency expenses	150,000	-	-	-	150,000
	1,500,000	102,773	1,386,568	1,489,341	10,659
Project 3 - Pipe and Manhole Rehabilitation to Virginia Mills and Hillside Sewer Outfalls					
Engineering services	187,500	25,001	57,966	82,967	104,533
Construction expenses	1,162,500	2,500	-	2,500	1,160,000
Contingency expenses	150,000	-	-	-	150,000
	1,500,000	27,501	57,966	85,467	1,414,533
Total Expenditures	3,150,000	180,515	1,444,534	1,625,049	1,524,951
Other financing sources (uses)					
Transfer from General Fund	1,000,000	125,000	875,000	1,000,000	-
Transfer from Water and Sewer Fund	150,000	84,462	75,519	159,981	9,981
General Fund loan	500,000	-	188,000	188,000	(312,000)
Debt proceeds	1,500,000	-	-	-	(1,500,000)
Total other financing sources (uses)	3,150,000	209,462	1,138,519	1,347,981	(1,802,019)
Revenues and other sources over (under) expenditures	\$ -	\$ 28,947	(306,015)	\$ (277,068)	\$ (277,068)
Fund balance, beginning			28,947		
Fund balance, ending			\$ (277,068)		