

TOWN OF TEACHEY
TEACHEY, NORTH CAROLINA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2021

Mayor

Leonard D. Fillyaw

Commissioners

James Moore, Jr.

Ethylen C. Powell

Ronnie Page

Lois K. McCartney

Wanda Henderson

Town Clerk

Veronica Porras

Town of Teachey, North Carolina
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FINANCIAL SECTION



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Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Teachey, 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 the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Teachey, North Carolina. The combining and 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 combining and individual fund 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 18, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

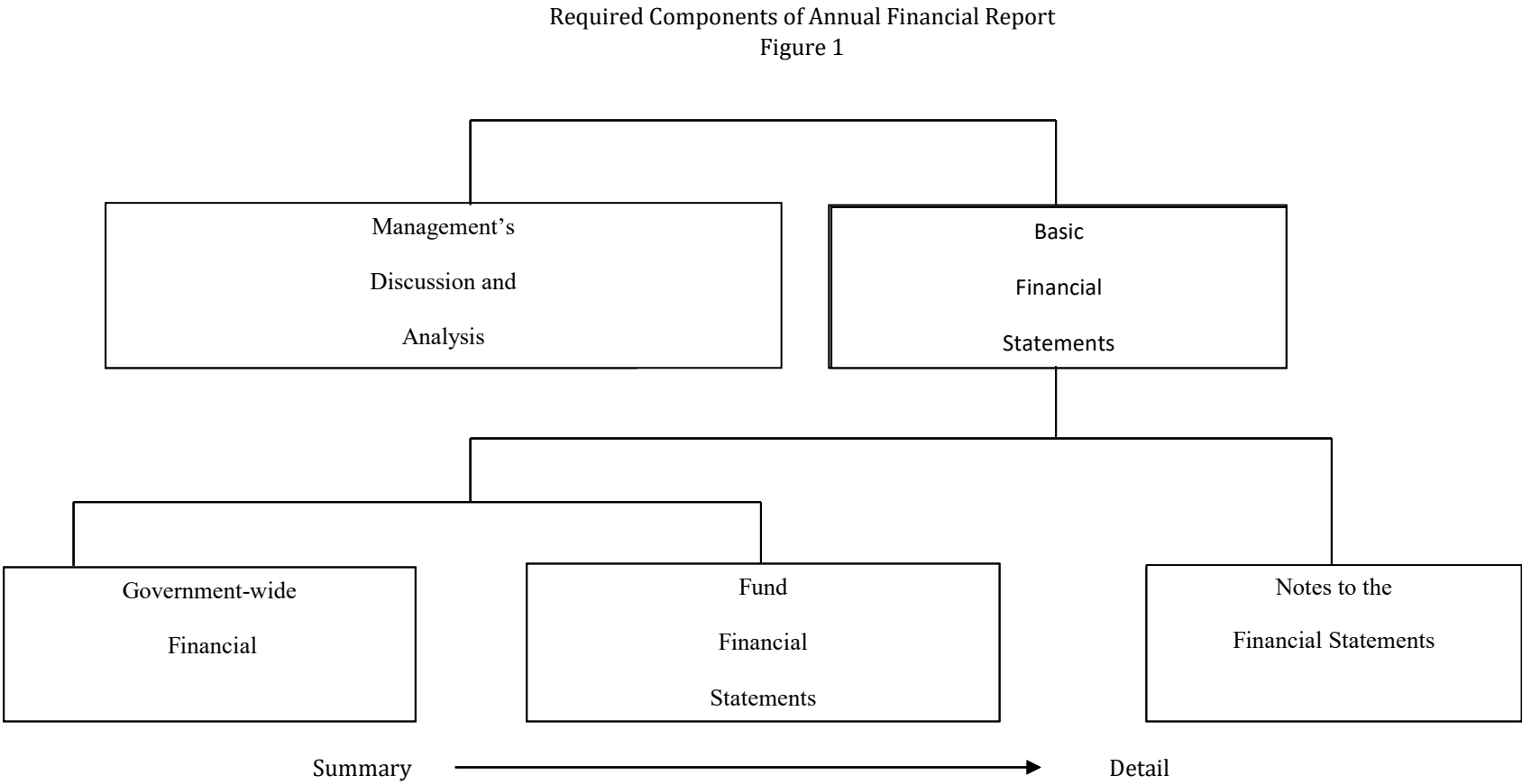
As management of the Town of Teachey, we offer readers of the Town of Teachey's financial statements this narrative overview and analysis of the financial activities of the Town of Teachey for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction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

Financial Highlights

- The assets and deferred outflows of resources of the Town of Teachey exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,534,649 (net position).
- The Town's total net position increased by \$89,032, primarily due to increase in property tax revenues in the governmental-type net position.
- As of the close of the current fiscal year, the Town of Teachey's governmental funds reported combined ending fund balances of \$810,686 with a net increase of \$108,297 in fund balance. Approximately 18 percent of this total amount, or \$147,039 is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$663,647, or 299 percent of total general fund expenditures for the fiscal year.
- The Town of Teachey's total debt decreased by \$40,138 debt payments.

Overview of the Financial Statements

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



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 additional details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Teachey, 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 North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town of Teachey can be divided into two categories: governmental funds and proprietary fund.

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

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

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

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

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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Teachey's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 835,773	\$ 727,882	\$ 300,299	\$ 209,030	\$ 1,136,072	\$ 936,912
Capital assets	184,207	197,714	2,571,746	2,680,739	2,755,953	2,878,453
Total assets	1,019,980	925,596	2,872,045	2,889,769	3,892,025	3,815,365
Deferred outflows of resources	14,950	12,028	7,701	6,196	22,651	18,224
Long-term liabilities outstanding	25,439	20,369	257,088	296,347	282,527	316,716
Other liabilities	5,935	13,117	91,565	58,139	97,500	71,256
Total liabilities	31,374	33,486	348,653	354,486	380,027	387,972
Deferred inflows of resources	-	-	-	-	-	-
Net position:						
Net investment in capital assets	184,207	197,714	2,291,274	2,360,130	2,475,481	2,557,844
Restricted	147,039	125,413	-	-	147,039	125,413
Unrestricted	672,310	581,011	239,819	181,349	912,129	762,360
Total net position	\$ 1,003,556	\$ 904,138	\$ 2,531,093	\$ 2,541,479	\$ 3,534,649	\$ 3,445,617

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Teachey exceeded liabilities and deferred inflows by \$3,534,649 as of June 30, 2021. The Town's net position increased by \$89,032 for the fiscal year ended June 30, 2021. However, the largest portion \$2,475,481 (70%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Teachey uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Teachey's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Teachey's net position, \$147,039, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$912,129 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 92.23%.

Town of Teachey Change in Net Position

Figure 3

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 54,037	\$ 76,299	\$ 339,715	\$ 289,097	\$ 393,752	\$ 365,396
Operating grants and contributions	12,208	-	-	85,589	12,208	85,589
General revenues:						
Property taxes	125,742	105,500	-	-	125,742	105,500
Other taxes	143,076	137,293	-	-	143,076	137,293
Other	2,235	3,039	76	2	2,311	3,041
Total revenues	337,298	322,131	339,791	374,688	677,089	696,819
Expenses:						
General government	131,974	129,174	-	-	131,974	129,174
Public safety	51,666	50,639	-	-	51,666	50,639
Highways/streets	14,932	62,669	-	-	14,932	62,669
Environmental Protection	29,554	37,086	-	-	29,554	37,086
Cultural and recreation	9,754	14,326	-	-	9,754	14,326
Water and sewer	-	-	350,177	329,824	350,177	329,824
Total expenses	237,880	293,894	350,177	329,824	588,057	623,718
Increase in net position	99,418	28,237	(10,386)	44,864	89,032	73,101
Net position, July 1	904,138	875,901	2,541,479	2,496,615	3,445,617	3,372,516
Net position, June 30	\$ 1,003,556	\$ 904,138	\$ 2,531,093	\$ 2,541,479	\$ 3,534,649	\$ 3,445,617

Governmental activities. Governmental activities increased the Town’s net position by \$99,418, thereby accounting for 112% of the total increase in the net position of the Town of Teachey. Key element of this increase is as follows:

- Decrease in expenses.
- Increase in revenues.

Business-type activities. Business-type activities decreased the Town of Teachey’s net position by \$10,386 accounting for -12% of the total increase in the government’s net position. Key elements of this increase are as follows:

- Decrease in revenues.
- Increase in operating expenses.

Financial Analysis of the Town’s Funds

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

Governmental Funds. The focus of the Town of Teachey’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 Teachey’s financing requirements. Specifically, unassigned fund balance can be a useful measure of a government’s net resources for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Teachey. At the end of the current fiscal year, Town of Teachey’s fund balance available in the General Fund was \$663,647 while total fund balance reached \$810,686. The Town currently has an available fund balance of 299% of general fund expenditures, while total fund balance represents 365% of the same amount.

At June 30, 2021, the governmental funds of the Town of Teachey reported a combined fund balance of \$810,686 with a net increase in fund balance of \$108,297.

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.

Proprietary Funds. The Town of Teachey’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$239,819. The total change in net position was a decrease of \$10,386. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Teachey’s business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Teachey’s investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$2,755,953 (net of accumulated depreciation). These assets include buildings, land, water/sewer systems, machinery and equipment, and vehicles.

**Town of Teachey’s Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 47,488	\$ 47,488	\$ 3,040	\$ 3,040	\$ 50,528	\$ 50,528
Buildings and systems	76,049	79,558	2,568,706	2,346,067	2,644,755	2,425,625
Improvements other than buildings	60,670	70,668	-	-	60,670	70,668
Machinery and equipment	-	-	-	-	-	-
Construction in progress	-	-	-	331,632	-	331,632
Total	\$ 184,207	\$ 197,714	\$ 2,571,746	\$ 2,680,739	\$ 2,755,953	\$ 2,878,453

Additional information on the Town’s capital assets can be found in the notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021 the Town of Teachey had total debt outstanding of \$280,472. All of this debt is backed by the full faith and credit of the Town.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct Borrowing Installment debt	\$ -	\$ -	\$ 280,472	\$ 320,609	\$ 280,472	\$ 320,609
Total	\$ -	\$ -	\$ 280,472	\$ 320,609	\$ 280,472	\$ 320,609

Town of Teachey's Outstanding Debt

The Town of Teachey's total debt decreased by \$40,138 during the past fiscal year, due to the debt payments.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Teachey is \$2,191,378.

Additional information regarding the Town of Teachey’s long-term debt can be found in the notes of the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

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

- Economy is stable in Duplin County.

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 Town Administrator, Town of Teachey, P.O. Box 145, 137 E. 2nd Street, Teachey, NC 28464. You can also call 910-285-7564 for more information.

BASIC FINANCIAL STATEMENTS

Town of Teachey, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 669,582	\$ 302,526	\$ 972,108
Taxes receivables (net)	16,744	-	16,744
Accrued interest receivable on taxes	2,408	-	2,408
Receivables (net)	41,974	23,059	65,033
Internal balances	25,286	(25,286)	-
Restricted cash and cash equivalents	79,779	-	79,779
Total current assets	835,773	300,299	1,136,072
Non-current assets:			
Capital assets:			
Land, improvements, and construction in progress	47,488	3,040	50,528
Other capital assets, net of depreciation	136,719	2,568,706	2,705,425
Total capital assets	184,207	2,571,746	2,755,953
Total assets	1,019,980	2,872,045	3,892,025
DEFERRED OUTFLOWS OF RESOURCES	14,950	7,701	22,651
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	5,935	50,317	56,252
Due within one year	-	41,248	41,248
Total current liabilities	5,935	91,565	97,500
Long-term liabilities:			
Net pension liability	23,584	12,150	35,734
Compensated Absences	1,855	5,714	7,569
Due in more than one year	-	239,224	239,224
Total long-term liabilities	25,439	257,088	282,527
Total liabilities	31,374	348,653	380,027
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	184,207	2,291,274	2,475,481
Restricted for:			
Stabilization by State statute	67,260	-	67,260
Streets	79,779	-	79,779
Unrestricted (deficit)	672,310	239,819	912,129
Total net position	\$ 1,003,556	\$ 2,531,093	\$ 3,534,649

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 131,974	\$ 2,564	\$ -	\$ -	\$ (129,410)	\$ -	\$ (129,410)
Public safety	51,666	850	-	-	(50,816)	-	(50,816)
Cultural and recreation	9,754	-	-	-	(9,754)	-	(9,754)
Transportation	14,932		12,208	-	(2,724)	-	(2,724)
Environmental protection	29,554	50,623	-	-	21,069	-	21,069
Total governmental activities	<u>237,880</u>	<u>54,037</u>	<u>12,208</u>	<u>-</u>	<u>(171,635)</u>	<u>-</u>	<u>(171,635)</u>
Business-type activities:							
Water and Sewer	<u>350,177</u>	<u>339,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,462)</u>	<u>(10,462)</u>
Total business-type activities	<u>350,177</u>	<u>339,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,462)</u>	<u>(10,462)</u>
Total Primary Government	<u>\$ 588,057</u>	<u>\$ 393,752</u>	<u>\$ 12,208.000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,462)</u>	<u>\$ (182,097)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					125,742	-	125,742
Local option sales tax					82,792	-	82,792
Other taxes and licenses					60,284	-	60,284
Investment earnings, unrestricted					2,235	1	2,236
Miscellaneous, unrestricted					-	75	75
Total general revenues not including transfers					<u>271,053</u>	<u>76</u>	<u>271,129</u>
Transfers					<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>271,053</u>	<u>76</u>	<u>271,129</u>
Change in net position					99,418	(10,386)	89,032
Net position, beginning					904,138	2,541,479	3,445,617
Net position, ending					<u>\$ 1,003,556</u>	<u>\$ 2,531,093</u>	<u>\$ 3,534,649</u>

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

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

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 669,582	\$ 669,582
Restricted cash and cash equivalents	79,779	79,779
Taxes receivables, net	16,744	16,744
Account receivables, net	41,974	41,974
Due from other funds	25,286	25,286
Total assets	<u>833,365</u>	<u>833,365</u>
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities	5,935	5,935
Total liabilities	<u>5,935</u>	<u>5,935</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	16,744	16,744
Total deferred inflows of resources	<u>16,744</u>	<u>16,744</u>
Fund balances:		
Restricted for:		
Streets - Powell Bill	79,779	79,779
Stabilization by State statute	67,260	67,260
Unassigned	663,647	663,647
Total fund balances	<u>810,686</u>	<u>810,686</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 833,365</u>	<u>\$ 833,365</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		184,207
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		14,950
Other long-term assets (accrued interest from taxes) are not available to pay current period expenditures and therefore are deferred in the funds.		2,408
Earned revenues considered deferred inflows of resources in fund statements.		16,744
Compenstated absences		(1,855)
Net pension liability		<u>(23,584)</u>
Net position of governmental activities		<u>\$ 1,003,556</u>

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

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

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 118,966
Unrestricted intergovernmental	143,076
Restricted intergovernmental	12,486
Permits and fees	850
Sales and services	50,345
Investment earnings	2,235
Miscellaneous	2,564
Total revenues	<u>330,522</u>
EXPENDITURES	
Current:	
General government	126,073
Public safety	51,666
Transportation	14,932
Environmental protection	29,554
Total expenditures	<u>222,225</u>
Excess (deficiency) of revenues over expenditures	<u>108,297</u>
Net change in fund balance	108,297
Fund balances-beginning	702,389
Fund balances-ending	<u>\$ 810,686</u>

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

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

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

Net changes in fund balances - total governmental funds	\$ 108,297
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(13,507)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	9,734
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(11,040)
Compensated absences	(231)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	<u>6,165</u>
Total changes in net position of governmental activities	<u><u>\$ 99,418</u></u>

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

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

	General Fund			Variance With
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 126,500	\$ 116,680	\$ 118,966	\$ 2,286
Unrestricted intergovernmental	107,270	92,200	143,076	50,876
Restricted intergovernmental	14,200	14,270	12,486	(1,784)
Permits and fees	400	400	850	450
Sales and services	48,000	44,400	50,345	5,945
Investment earnings	1,200	1,400	2,235	835
Miscellaneous	5,900	5,500	2,564	(2,936)
Total revenues	<u>303,470</u>	<u>274,850</u>	<u>330,522</u>	<u>55,672</u>
Expenditures				
Current:				
General government	190,320	152,600	126,073	26,527
Public safety	27,000	57,450	51,666	5,784
Transportation	24,200	23,800	14,932	8,868
Environmental protection	55,250	41,000	29,554	11,446
Cultural and recreational	6,700	-	-	-
Total expenditures	<u>303,470</u>	<u>274,850</u>	<u>222,225</u>	<u>52,625</u>
Revenues over (under) expenditures	-	-	108,297	108,297
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	108,297	<u>\$ 108,297</u>
Fund Balances, Beginning			702,389	
Fund Balances, Ending			<u>\$ 810,686</u>	

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

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

	<u>Major Enterprise Fund</u> <u>Water & Sewer</u> <u>Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 302,526
Accounts Receivable (net)	<u>23,059</u>
Total current assets	<u>325,585</u>
Noncurrent assets:	
Land and construction in progress	3,040
Capital assets (net of depreciation)	<u>2,568,706</u>
Total noncurrent assets	<u>2,571,746</u>
Total assets	<u>2,897,331</u>
Deferred Outflows of Resources	<u>7,701</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	50,317
Notes payable- current	41,248
Due to other funds	<u>25,286</u>
Total current liabilities	<u>116,851</u>
Noncurrent liabilities:	
Net pension liability	12,150
Compensated Absences	5,714
Notes payable- noncurrent	<u>239,224</u>
Total non-current liabilities	<u>257,088</u>
Total liabilities	<u>373,939</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net investment in capital assets	2,291,274
Unrestricted	<u>239,819</u>
Total net position	<u>\$ 2,531,093</u>

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

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

	<u>Major Enterprise Fund</u> <u>Water & Sewer</u> <u>Fund</u>
Operating revenues:	
Charges for services	\$ 305,215
Water & Sewer taps	1,200
Other operating revenues	33,300
Total operating revenues	<u>339,715</u>
Operating expenses:	
Salaries and benefits	51,458
Operations	186,764
Depreciation	108,994
Total operating expenses	<u>347,216</u>
Operating income	<u>(7,501)</u>
Nonoperating revenues (expenses):	
Interest and other charges	(2,961)
Miscellaneous revenues	75
Investment earnings	1
Total nonoperating revenues (expenses)	<u>(2,885)</u>
Income (loss) before contributions and transfers	<u>(10,386)</u>
Capital contributions	-
Transfers from other funds	-
Total other financing sources and uses	<u>-</u>
Change in net position	(10,386)
Net Position - Beginning	<u>2,541,479</u>
Net Position, Ending	<u>\$ 2,531,093</u>

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

Town of Teachey, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Year Ended June 30, 2021

	<u>Major Enterprise Fund</u> <u>Water & Sewer</u> <u>Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 357,343
Cash paid for goods and services	(189,221)
Cash paid to employees for services	<u>(51,458)</u>
Net cash provided by operating activities	<u>116,664</u>
Cash flows from noncapital financing activities:	
Capital contributions	-
Miscellaneous revenues	75
Transfers in (out)	<u>-</u>
Net cash used by noncapital financing activities	<u>75</u>
Cash flows from capital and related financing activities:	
Principal paid on notes	(40,138)
Interest paid on notes	(2,961)
Installment proceeds	-
Acquisition and construction of capital assets	-
Net cash used by capital and related financing activities	<u>(43,099)</u>
Cash flows from investing activities:	
Interest on investments	<u>1</u>
Net increase(decrease) in cash and cash equivalents	73,641
Cash and cash equivalents:	
Beginning of year, July 1	228,885
End of year, June 30	\$ <u><u>302,526</u></u>

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

Town of Teachey, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2021

	<u>Water & Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>(7,501)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	108,994
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(17,628)
Increase (decrease) in deferred inflows of resources for pensions	-
Increase (decrease) in accounts payable and accrued liabilities	32,314
Increase (decrease) in net pension liability	2,493
Increase (decrease) in Compensated Absences	(503)
(Increase) decrease in deferred outflows of resources for pensions	<u>(1,505)</u>
Total adjustments	<u>124,165</u>
Net cash provided by operating activities	\$ <u><u>116,664</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Teachey 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 Teachey is a municipal corporation that is governed by an elected mayor and a five-member Board of Commissioners.

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 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 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 nonmajor funds. The Town had no non-major funds during 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 one 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 public safety, street maintenance and construction, sanitation services, parks and recreation, and general government services.

The Town reports the following major enterprise fund:

Water & 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 when applicable. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. 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 Funds. All annual appropriations lapse at the fiscal-year end. 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. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund 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). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT - Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Interest Rate Risk

The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

2. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because 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.

Town of Teachey Restricted Cash

Governmental Activities
General Fund

Streets	\$ 79,779
Total governmental activities	\$ 79,779

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.

5. Allowances for Doubtful Accounts

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

6. Inventories

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is not material and is not presented in the financial statements.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows; land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$5,000. 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings and systems	20-40
Improvements	25
Vehicles	5
Furniture and Equipment	5

8. Deferred outflows/inflows of resources

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

9. 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.

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported.

The Town's sick leave policy provides for the accumulation of earned sick leave for an indefinite period. 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 services for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. 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 fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERs) and additions to/deductions from LGERs' fiduciary net position have been determined on the same basis as they are reported by LGERs. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERs. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

Noncompliance with budget.

2. Contractual Violations

None reported.

B. Deficit in Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance

None reported.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's Enterprise Fund exceeded the authorized appropriations made by the governing board for business-type activities. These over-expenditures occurred because of unplanned water and sewer fees, maintenances and repairs, and debt service expenditures. Management and the Board will more closely review the budget reports to ensure compliance in future years. This is an indication that the Town is not following the preaudit requirement. The budget must be amended before the obligation to expend funds is incurred [G.S. 159-13, 159-15, 159-25, 159-28(b), and 159-28(e)]. The Policy Manual for Local Governments contains a section on budgeting that provides guidance in establishing and maintaining budgetary controls.

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 these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for 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 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 \$1,051,724 and a bank balance of \$1,023,127. The bank balances of the Town were covered by federal depository insurance in the amount of \$250,000. The remaining funds are covered through the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$163.

2. Investments

The Town's investments are solely in bank certificates of deposits with a maturity of less than one year and are stated at fair value. These investments are classified as cash and cash equivalents.

3. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,488	\$ -	\$ -	\$ 47,488
Construction in progress	-	-	-	-
Total capital assets not being depreciated	47,488	-	-	47,488
Capital assets being depreciated:				
Improvements other than buildings	128,222	-	-	128,222
Buildings	123,650	-	-	123,650
Machinery and equipment	80,878	-	-	80,878
Vehicles	14,134	-	-	14,134
Total capital assets being depreciated	346,884	-	-	346,884
Less accumulated depreciation for:				
Improvements other than buildings	57,554	9,998	-	67,552
Buildings	44,092	3,509	-	47,601
Machinery and equipment	80,878	-	-	80,878
Vehicles	14,134	-	-	14,134
Total accumulated depreciation	196,658	\$ 13,507	\$ -	210,165
Total capital assets being depreciated, net	150,226			136,719
Governmental activity capital assets, net	\$ 197,714			\$ 184,207

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

General Government	\$ 3,753
Cultural & Recreation	9,754
Total Depreciation Expense	<u>\$ 13,507</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type activities:				
Capital assets not being depreciated:				
Land	\$ 3,040	\$ -	\$ -	\$ 3,040
Construction in progress	331,632	-	331,632	-
Total capital assets not being depreciated	<u>334,672</u>	<u>-</u>	<u>331,632</u>	<u>3,040</u>
Capital assets being depreciated:				
Improvements other than buildings	27,035	-	-	27,035
Buildings and systems	4,011,096	331,632	-	4,342,728
Machinery and equipment	3,953	-	-	3,953
Total capital assets being depreciated	<u>4,042,084</u>	<u>331,632</u>	<u>-</u>	<u>4,373,716</u>
Less accumulated depreciation for:				
Improvements other than buildings	27,035		-	27,035
Buildings and systems	1,665,029	108,994	-	1,774,023
Machinery and equipment	3,953	-	-	3,953
Total accumulated depreciation	<u>1,696,017</u>	<u>\$ 108,994</u>	<u>\$ -</u>	<u>1,805,011</u>
Total capital assets being depreciated, net	<u>2,346,067</u>			<u>2,568,706</u>
Governmental activity capital assets, net	<u>\$ 2,680,739</u>			<u>\$ 2,571,746</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$9,734 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$35,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.00100%, which was 0.00004% decrease from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$12,640. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,513	\$ -
Changes of assumptions	2,659	-
Net difference between projected and actual earnings on pension plan investments	5,029	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	716	-
Town's contributions subsequent to the measurement date	9,734	-
Total	<u>\$ 22,651</u>	<u>\$ -</u>

\$9,734 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ 3,750
2023	4,798
2024	2,881
2025	1,488
2026	-
Thereafter	-
	<u>\$ 12,917</u>

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$72,501	\$35,734	\$5,179

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

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Differences between expected and actual experience	\$ 4,513
Changes of assumptions	2,659
Net difference between projected and actual earnings on pension plan investments	5,029
Changes in proportion and differences between Town's contributions and proportionate share of contributions	716
Town's contributions subsequent to the measurement date	9,734
Total	<u>\$ 22,651</u>

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

	Statement of Net Position	General Fund Balance Sheet
Pension deferrals	\$ -	\$ -
Taxes Receivable, less penalties (General Fund)	-	16,744
Total	<u>\$ -</u>	<u>\$ 16,744</u>

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 three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, worker's 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 \$300,000 up to statutory limits for worker's compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The Town does not carry any flood insurance as it is not in a flood plain.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The tax collector is individually bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000.

4. Claims, Judgements, and Contingent Liabilities

At June 30, 2021, there were no lawsuits against the Town that materially impact it's financial statements.

5. Long Term Obligationsa. Installment purchase

The Town executed a direct borrowing bank note on October 28, 2008 for the construction of a water line extension. The note bears interest at 3.91% and is payable to the bank in 179 monthly installments of principal and interest totaling \$2753 and one final installment of principal and interest totaling \$561, which is serviced entirely by the Water and Sewer Fund. The note is secured by the water line extension and matures September 28, 2023.

\$ 60,517

The Town executed a direct borrowing bank note on August 14, 2019 for the construction of the wastewater connection projects. The first payment was due May 1, 2021 with 20 installments at zero percent interest. Balance at June 30, 2021 is \$219,955.

\$ 219,955
\$ 280,472

Annual debt service payments of the direct borrowing installment purchase as of June 30, 2021, including \$2,548 of interest, are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2022	\$ 41,248	\$ 1,850
2023	42,403	694
2024	13,525	4
2025	12,220	-
2026	12,220	-
2027-2031	61,099	-
2032-2036	61,099	-
2037-2040	36,658	-
Total	\$ 280,472	\$ 2,548

b. Changes in General Long-Term Liabilities

During the year ended June 30, 2021 the following changes occurred in installment purchase in the:

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21	Current Portion
Governmental Activities:					
Net pension liability (LGRS)	\$ 18,745	\$ 4,839	\$ -	\$ 23,584	\$ -
Compensated absences	1,624	2,527	(2,296)	1,855	-
Governmental activity long-term liabilities	\$ 20,369	\$ 7,366	\$ (2,296)	\$ 25,439	\$ -
Business-type activities:					
Direct borrowing installment purchase	\$ 320,610	\$ -	\$ (40,138)	\$ 280,472	\$ 41,248
Net pension liability (LGRS)	9,657	2,493	-	12,150	-
Compensated absences	6,217	3,278	(3,781)	5,714	-
Business-type activity long-term liabilities	\$ 336,484	\$ 5,771	\$ (43,919)	\$ 298,336	\$ 41,248

State statute provides for a legal debt limit of eight percent of the Town's appraised valuation. The Town's legal debt margin as of June 30, 2021, amounts to \$2,191,378.

C. Interfund Balances and Activity

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewer Fund	\$ 25,286

General Fund has provided funding to the proprietary fund for operating expenses.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-</u> <u>type</u>
Capital assets	\$ 184,207	\$ 2,571,746
less: long term debt	-	(280,472)
Net investment in capital asset	<u>\$ 184,207</u>	<u>\$ 2,291,274</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 810,686
Less:	
Stabilization by State Statute	67,260
Streets - Powell Bill	79,779
Remaining Fund Balance	\$ 663,647

IV. Summary Disclosure of Significant ContingenciesFederal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Schedule of the Proportionate Share of the Net Pension
Liability – Local Government Employees’ Retirement
System

Schedule of Contributions – Local Government
Employees’ Retirement System

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

	Local Government Employees' Retirement System								
	2021	2020	2019	2018	2017	2016	2015	2014	
Town's proportion of the net pension liability (asset) (%)	0.00100%	0.00104%	0.00110%	0.00113%	0.00110%	0.00105%	0.00110%	0.00110%	
Town's proportion of the net pension liability (asset) (\$)	\$ 35,734	\$ 28,402	\$ 26,096	\$ 17,264	\$ 23,347	\$ 4,712	\$ (6,369)	13,259	
Town's covered-employee payroll	\$ 85,102	\$ 81,206	\$ 77,266	\$ 74,493	\$ 65,676	\$ 63,426	\$ 85,498	96,852	
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.99%	34.98%	33.77%	23.18%	35.55%	7.43%	(7.45%)	13.69%	
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%	

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

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

Town of Teachey, North Carolina
Town of Teachey's Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,734	\$ 7,617	\$ 6,293	\$ 5,795	\$ 5,401	\$ 4,381	\$ 4,484	\$ 5,985
Contributions in relation to the contractually required contribution	9,734	7,617	6,293	5,795	5,401	4,381	4,484	5,985
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 95,901	\$ 85,102	\$ 81,206	\$ 77,266	\$ 74,493	\$ 65,676	\$ 63,426	85,498
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%	7.00%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 117,083	\$ -
Penalties and interest		1,883	-
Total	116,680	118,966	2,286
Unrestricted intergovernmental:			
Local option sales taxes		82,792	
Holdharmless		30,036	
Telecommunications sales tax		1,576	
Utility franchise tax		11,387	
Video franchise fee		1,178	
Refunds		16,107	
Total	92,200	143,076	50,876
Restricted intergovernmental:			
Solid waste disposal tax		278	
Powell Bill allocation		12,208	
Total	14,270	12,486	(1,784)
Permits and fees:			
Zoning fees		850	
Total	400	850	450
Sales and services:			
Garbage fees		50,030	
Other		315	
Total	44,400	50,345	5,945

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

	2021		Variance
	Budget	Actual	Positive (Negative)
Investment earnings	1,400	2,235	835
Miscellaneous		2,564	
Total	5,500	2,564	(2,936)
 Total Revenues	 274,850	 330,522	 55,672
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		12,116	
Total	12,200	12,116	84
Administration:			
Salaries and employee benefits		49,525	
Travel and training		2,545	
Telephone and postage		5,898	
Departmental supplies		3,119	
Dues and subscriptions		2,405	
Advertising		1,193	
Insurance and bonds		7,357	
Other operating expenses		22,193	
Total	118,400	94,235	24,165
Elections	2,000	-	2,000
Public buildings:			
Utilities		3,425	
Repairs and maintenance		16,297	
Total	20,000	19,722	278
 Total general government	 152,600	 126,073	 26,527

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

	2021		Variance
	Budget	Actual	Positive (Negative)
Public safety:			
Assistance to local volunteer fire dept.		51,666	
Total public safety	57,450	51,666	5,784
Transportation:			
Powell Bill:			
Salaries & benefits		2,902	
Operating expenses		2,969	
Total	14,200	5,871	8,329
Non Powell Bill:			
Utilities		8,904	
Departmental supplies		157	
Total	9,600	9,061	539
Total transportation	23,800	14,932	8,868
Environmental protection:			
Garbage fees		24,711	
Repairs and maintenance		3,675	
Other operating expenses		1,168	
Total environmental protection	41,000	29,554	11,446
Total Expenditures	274,850	222,225	52,625
Revenues over (under) expenditures	-	108,297	108,297
Net Change in Fund Balance	\$ -	108,297	\$ 108,297
Fund Balances, beginning		702,389	
Fund balances, ending		\$ 810,686	

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Charges for services:			
Water and sewer charges	\$	\$ 305,215	\$
Water and sewer taps		1,200	
Penalties		6,791	
Other operating revenues		26,434	
Total Operating Revenues	<u>236,850</u>	<u>339,640</u>	<u>102,790</u>
Nonoperating revenues:			
Miscellaneous		75	
Interest earnings		1	
Total Non-Operating Revenues	<u>140</u>	<u>76</u>	<u>(64)</u>
Total Revenues	<u>236,990</u>	<u>339,716</u>	<u>102,726</u>
Expenditures:			
Water and sewer treatment and distribution:			
Salaries and benefits		51,458	
Utilities		14,029	
Water and sewer fees		103,823	
Maintenance and repairs		61,024	
Water analysis fees		870	
Departmental supplies and materials		3,033	
Other operating expenditures		3,425	
Total	<u>202,090</u>	<u>237,662</u>	<u>(35,572)</u>

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

	2021		Variance
	Budget	Actual	Positive (Negative)
Debt service:			
Interest and fees		2,961	
Principal retirement		40,138	
Total debt service	34,900	43,099	(8,199)
 Total expenditures	 236,990	 280,761	 (43,771)
 Revenues and other sources over expenditures and other uses	 \$ -	 \$ 58,955	 \$ 58,955

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

Revenues over expenditures	\$ 58,955
Reconciling items:	
Principal retirement of debt	40,138
(Increase) decrease in net pension liability	(2,493)
Increase (decrease) in deferred outflows of resources for pensions	1,505
(Increase) decrease in Compensated Absences	503
(Increase) decrease in deferred inflows of resources for pensions	-
Depreciation	(108,994)
Total reconciling items	(69,341)
Change in net position	\$ (10,386)

OTHER SCHEDULES

This section includes additional information on property taxes.

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

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

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 123,265	\$ 113,693	\$ 9,572
2019-2020	4,980	-	2,344	2,636
2018-2019	2,192	-	725	1,467
2017-2018	1,245	-	(517)	1,762
2016-2017	939	-	(26)	965
2015-2016	506	-	164	342
2014-2015	380	-	380	-
2013-2014	337	-	337	-
	<u>\$ 10,579</u>	<u>\$ 123,265</u>	<u>\$ 117,100</u>	<u>\$ 16,744</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 118,966
Reconciling items:	
Interest & Penalties collected	(1,883)
Releases and write offs	17
Subtotal	<u>(1,866)</u>
Total collections and credits	<u>\$ 117,100</u>

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

			Total Levy		
Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles	
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current					
year's rate	\$ 27,392,222	0.45	\$ 123,265	\$ 103,003	\$ 20,262
Total	<u>27,392,222</u>		<u>123,265</u>	<u>103,003</u>	<u>20,262</u>
Total property valuation	\$ <u>27,392,222</u>				
Net levy			123,265	103,003	20,262
Uncollected taxes at June 30, 2021			<u>9,572</u>	<u>9,572</u>	<u>-</u>
Current year's taxes collected			\$ <u>113,693</u>	\$ <u>93,431</u>	\$ <u>20,262</u>
Current levy collection percentage			<u>92.23%</u>	<u>90.71%</u>	<u>100.00%</u>