

**REVIEWED**

**By SLGFD at 9:36 am, Nov 02, 2021**

**CITY OF THOMASVILLE  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**MARTIN  STARNES**  

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**& ASSOCIATES, CPAs, P.A.**

*"A Professional Association of Certified Public Accountants and Management Consultants"*



# CITY OF THOMASVILLE, NORTH CAROLINA

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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
Thomasville, North Carolina

### **Report On the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of the Thomasville Board of Education, which represents 91.35 percent, 122.85 percent, and 86.81 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We did not audit the financial statements of the Thomasville ABC Board, which represents 7.80 percent, (20.26) percent, and 12.77 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included for the Thomasville Board of Education and the Thomasville ABC Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. The financial statements of the City of Thomasville ABC Board and Thomasville Tourism Commission were not audited in accordance with *Government Auditing Standards*.

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 and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville, 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, the Law Enforcement Officers' Special Separation Allowance Schedule of the Change in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions 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, economical, or historical context. We and the other auditors 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Thomasville, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, 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, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of the City of Thomasville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant, agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Thomasville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Thomasville's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 18, 2021

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## **Management's Discussion and Analysis**

As management of the City of Thomasville, we offer readers of the City of Thomasville's financial statements this narrative overview and analysis of the financial activities of the City of Thomasville 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 City's financial statements, which follow this narrative.

### **Financial Highlights**

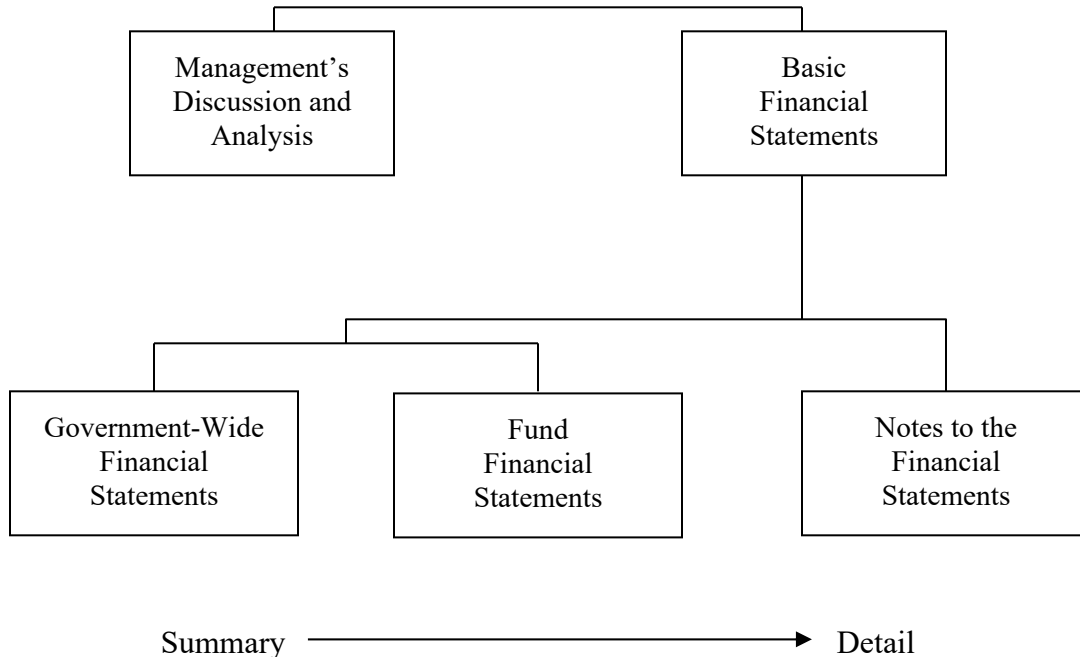
- The assets and deferred outflows of the City of Thomasville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$34,923,926 (net position).
- The government's total net position increased by \$4,824,390 due to an increase in business-type activities.
- As of the close of the current fiscal year, the City of Thomasville's governmental funds reported combined ending fund balances of \$17,358,440, an increase of \$906,604 in comparison with the prior year. Currently, 29% of this total amount, or \$5,036,238, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$10,870,957, or 45.25%, of total General Fund expenditures and transfers to other funds.
- Water and Sewer Fund current assets increased 4.61%. At June 30, 2021, current assets exceeded current liabilities for the eleventh consecutive year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Thomasville's basic financial statements. The City'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 City 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 City of Thomasville.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits C through I) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City'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 City'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 City'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 City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City'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 City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer and golf services offered by the City of Thomasville. The final category is the component units. Although legally separate from the City, the City School Board, ABC Board, and Tourism Commission are important to the City because the City exercises control over the School Board, ABC Board, and Tourism Commission by appointing its members and setting the local tax rate for the School Board and Tourism Commission. The ABC Board is required to distribute its profits to the City.

The government-wide financial statements are on Exhibits A and B of this report.

## Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City'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 City of Thomasville, 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 City's budget ordinance. All of the funds of the City of Thomasville can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City'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 City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

**Proprietary Funds.** The City of Thomasville 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 City of Thomasville uses enterprise funds to account for its water and sewer activity and for its golf 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 pages 26-73 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Thomasville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 74 of this report.

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

**Government-Wide Financial Analysis  
City of Thomasville's Net Position**

**Figure 2**

|  | <b>Governmental Activities</b> |                      | <b>Business-Type Activities</b> |                      | <b>Total</b>         |                      |
|--|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
|  | <b>2021</b>                    | <b>2020</b>          | <b>2021</b>                     | <b>2020</b>          | <b>2021</b>          | <b>2020</b>          |
| <b>Assets:</b>                             |                                |                      |                                 |                      |                      |                      |
| Current and other assets                   | \$ 19,028,214                  | \$ 18,221,433        | \$ 14,142,780                   | \$ 13,325,743        | \$ 33,170,994        | \$ 31,547,176        |
| Capital assets                             | <u>22,558,572</u>              | <u>22,601,967</u>    | <u>43,520,780</u>               | <u>42,167,504</u>    | <u>66,079,352</u>    | <u>64,769,471</u>    |
| Total assets                               | <u>41,586,786</u>              | <u>40,823,400</u>    | <u>57,663,560</u>               | <u>55,493,247</u>    | <u>99,250,346</u>    | <u>96,316,647</u>    |
| <b>Deferred Outflows<br/>of Resources:</b> |                                |                      |                                 |                      |                      |                      |
| OPEB deferrals                             | 2,371,118                      | 1,535,796            | 520,489                         | 337,126              | 2,891,607            | 1,872,922            |
| Pension deferrals                          | <u>4,471,883</u>               | <u>3,113,538</u>     | <u>663,540</u>                  | <u>555,152</u>       | <u>5,135,423</u>     | <u>3,668,690</u>     |
| Total deferred outflows<br>of resources    | <u>6,843,001</u>               | <u>4,649,334</u>     | <u>1,184,029</u>                | <u>892,278</u>       | <u>8,027,030</u>     | <u>5,541,612</u>     |
| <b>Liabilities:</b>                        |                                |                      |                                 |                      |                      |                      |
| Long-term liabilities                      | 31,647,826                     | 29,739,402           | 32,670,307                      | 33,725,353           | 64,318,133           | 63,464,755           |
| Other liabilities                          | <u>2,939,257</u>               | <u>2,840,066</u>     | <u>4,479,076</u>                | <u>5,008,493</u>     | <u>7,418,333</u>     | <u>7,848,559</u>     |
| Total liabilities                          | <u>34,587,083</u>              | <u>32,579,468</u>    | <u>37,149,383</u>               | <u>38,733,846</u>    | <u>71,736,466</u>    | <u>71,313,314</u>    |
| <b>Deferred Inflows<br/>of Resources:</b>  |                                |                      |                                 |                      |                      |                      |
| OPEB deferrals                             | 457,252                        | 286,824              | 100,373                         | 62,961               | 557,625              | 349,785              |
| Pension deferrals                          | <u>59,359</u>                  | <u>95,335</u>        | <u>-</u>                        | <u>289</u>           | <u>59,359</u>        | <u>95,624</u>        |
| Total deferred inflows<br>of resources     | <u>516,611</u>                 | <u>382,159</u>       | <u>100,373</u>                  | <u>63,250</u>        | <u>616,984</u>       | <u>445,409</u>       |
| <b>Net Position:</b>                       |                                |                      |                                 |                      |                      |                      |
| Net investment in<br>capital assets        | 8,868,628                      | 8,585,370            | 10,442,362                      | 7,758,270            | 19,310,990           | 16,343,640           |
| Restricted                                 | 4,945,913                      | 6,126,594            | -                               | -                    | 4,945,913            | 6,126,594            |
| Unrestricted                               | <u>(488,448)</u>               | <u>(2,200,857)</u>   | <u>11,155,471</u>               | <u>9,830,159</u>     | <u>10,667,023</u>    | <u>7,629,302</u>     |
| Total net position                         | <u>\$ 13,326,093</u>           | <u>\$ 12,511,107</u> | <u>\$ 21,597,833</u>            | <u>\$ 17,588,429</u> | <u>\$ 34,923,926</u> | <u>\$ 30,099,536</u> |

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 resources of the City of Thomasville exceeded its liabilities and deferred inflows of resources by \$34,923,926 as of June 30, 2021. The City's net position increased by \$4,824,390 for the fiscal year ended June 30, 2021. However, (55%) reflects the City's net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Thomasville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's 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 City of Thomasville's net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,667,023 is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental and business-type net position:

- General Fund sales tax revenues were 20.5% above budgetary estimates.
- General Fund expenditures were 11.9% under budgetary estimates.
- Water and sewer expenses were 15.9% under budgetary estimates.

### City of Thomasville's Changes in Net Position

Figure 3

|   | 2021                       |                             |                      | 2020                       |                             |                      |
|---|----------------------------|-----------------------------|----------------------|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>Revenues:</b>                        |                            |                             |                      |                            |                             |                      |
| Program revenues:                       |                            |                             |                      |                            |                             |                      |
| Charges for services                    | \$ 1,879,232               | \$ 13,683,818               | \$ 15,563,050        | \$ 1,766,373               | \$ 13,297,031               | \$ 15,063,404        |
| Operating grants and contributions      | 1,430,231                  | -                           | 1,430,231            | 1,027,519                  | -                           | 1,027,519            |
| Capital grants and contributions        | 730,072                    | 2,896,468                   | 3,626,540            | 125,022                    | 103,532                     | 228,554              |
| General revenues:                       |                            |                             |                      |                            |                             |                      |
| Property taxes                          | 13,284,827                 | -                           | 13,284,827           | 13,230,748                 | -                           | 13,230,748           |
| Other taxes                             | 8,368,740                  | -                           | 8,368,740            | 7,365,726                  | -                           | 7,365,726            |
| Miscellaneous                           | 2,211,627                  | 14,626                      | 2,226,253            | 2,668,697                  | 163,751                     | 2,832,448            |
| Total revenues                          | <u>27,904,729</u>          | <u>16,594,912</u>           | <u>44,499,641</u>    | <u>26,184,085</u>          | <u>13,564,314</u>           | <u>39,748,399</u>    |
| <b>Expenses:</b>                        |                            |                             |                      |                            |                             |                      |
| General government                      | 4,953,483                  | -                           | 4,953,483            | 4,652,402                  | -                           | 4,652,402            |
| Public works                            | 4,250,081                  | -                           | 4,250,081            | 5,715,272                  | -                           | 5,715,272            |
| Public safety                           | 15,379,400                 | -                           | 15,379,400           | 14,223,112                 | -                           | 14,223,112           |
| Economic and physical development       | 567,750                    | -                           | 567,750              | -                          | -                           | -                    |
| Culture and recreation                  | 1,167,542                  | -                           | 1,167,542            | 1,615,730                  | -                           | 1,615,730            |
| Miscellaneous                           | -                          | -                           | -                    | -                          | -                           | -                    |
| Interest on long-term debt              | 518,445                    | -                           | 518,445              | 545,658                    | -                           | 545,658              |
| Water and sewer                         | -                          | 11,946,069                  | 11,946,069           | -                          | 11,879,833                  | 11,879,833           |
| Golf course                             | -                          | 892,481                     | 892,481              | -                          | 977,398                     | 977,398              |
| Total expenses                          | <u>26,836,701</u>          | <u>12,838,550</u>           | <u>39,675,251</u>    | <u>26,752,174</u>          | <u>12,857,231</u>           | <u>39,609,405</u>    |
| Change in net position before transfers | 1,068,028                  | 3,756,362                   | 4,824,390            | (568,089)                  | 707,083                     | 138,994              |
| Transfers in (out)                      | <u>(253,042)</u>           | <u>253,042</u>              | <u>-</u>             | <u>(328,042)</u>           | <u>328,042</u>              | <u>-</u>             |
| Change in net position                  | 814,986                    | 4,009,404                   | 4,824,390            | (896,131)                  | 1,035,125                   | 138,994              |
| <b>Net Position:</b>                    |                            |                             |                      |                            |                             |                      |
| Beginning of year - July 1              | <u>12,511,107</u>          | <u>17,588,429</u>           | <u>30,099,536</u>    | <u>13,407,238</u>          | <u>16,553,304</u>           | <u>29,960,542</u>    |
| End of year - June 30                   | <u>\$ 13,326,093</u>       | <u>\$ 21,597,833</u>        | <u>\$ 34,923,926</u> | <u>\$ 12,511,107</u>       | <u>\$ 17,588,429</u>        | <u>\$ 30,099,536</u> |



**Governmental Activities.** Governmental activities increased the City's net position by \$814,986. Key elements of this increase are as follows:

- Total assets increased by \$763,386 (1.9%).

**Business-Type Activities.** Business-type activities increased the City of Thomasville's net position by \$4,009,404. Key elements of this increase are as follows:

- The City raised water and sewer rates 1.26% as per their 5-year rate study.
- Maintenance and construction expenses were \$1,009,998 (31.14%) under budgetary estimates.

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

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

**Governmental Funds.** The focus of the City of Thomasville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Thomasville's financing requirements. Specifically, available for appropriation 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 City of Thomasville. At the end of the current fiscal year, the City of Thomasville's fund balance available in the General Fund was \$10,870,957, while total fund balance reached \$14,851,702. The governing body of the City of Thomasville has determined that the City should maintain an unassigned fund balance of 24.0% of General Fund expenditures in case of unforeseen needs or opportunities in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 45.25% of General Fund expenditures and transfers to other funds, while total fund balance represents 61.81% of the same amount.

The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds). At the end of the current fiscal year, the City of Thomasville's fund balance in the General Capital Projects Fund was \$831,415, which was a decrease of \$143,035 compared to the prior year.

**General Fund Budgetary Highlights.** During the fiscal year, the City 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. The City increased the General Fund budget by \$2,569,901.

**Proprietary Funds.** The City of Thomasville'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 \$11,444,860. The total changes in net position for the Water and Sewer Fund were \$3,825,288. Unrestricted net position of the Golf Course Fund at the end of the fiscal year amounted to \$(289,389). Total changes in net position for the Golf Course Fund were \$184,116. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Thomasville's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** The City of Thomasville's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$66,079,352 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Additional information on the City's capital assets can be found beginning on page 40 of this report.

### City of Thomasville's Capital Assets (net of depreciation)

Figure 4

|                             | Governmental<br>Activities | Business-Type<br>Activities | Total                | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|-----------------------------|----------------------------|-----------------------------|----------------------|----------------------------|-----------------------------|----------------------|
|                             | 2021                       | 2021                        | 2021                 | 2020                       | 2020                        | 2020                 |
| Land                        | \$ 1,965,493               | \$ 890,316                  | \$ 2,855,809         | \$ 1,965,493               | \$ 890,316                  | \$ 2,855,809         |
| Buildings                   | 14,245,592                 | 204,670                     | 14,450,262           | 14,624,253                 | 263,247                     | 14,887,500           |
| Other improvements          | 1,274,203                  | 15,307,055                  | 16,581,258           | 1,437,988                  | 16,988,613                  | 18,426,601           |
| Infrastructure              | 554,234                    | 18,198,108                  | 18,752,342           | 607,251                    | 16,621,076                  | 17,228,327           |
| Equipment<br>and vehicles   | 3,902,353                  | 1,746,896                   | 5,649,249            | 3,840,082                  | 1,966,775                   | 5,806,857            |
| Construction<br>in progress | 616,697                    | 7,173,735                   | 7,790,432            | 126,900                    | 5,437,477                   | 5,564,377            |
| Total                       | <u>\$ 22,558,572</u>       | <u>\$ 43,520,780</u>        | <u>\$ 66,079,352</u> | <u>\$ 22,601,967</u>       | <u>\$ 42,167,504</u>        | <u>\$ 64,769,471</u> |

**Long-Term Debt.** As of June 30, 2021, the City of Thomasville had total bonded debt outstanding of \$17,436,712. Of this, \$-0- is backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### City of Thomasville's Outstanding Debt Bonds

Figure 5

|                          | Governmental<br>Activities |                      | Business-Type<br>Activities |                     |
|--------------------------|----------------------------|----------------------|-----------------------------|---------------------|
|                          | 2021                       | 2020                 | 2021                        | 2020                |
| Limited obligation bonds | \$ 10,700,000              | \$ 11,100,000        | \$ -                        | \$ -                |
| Add premiums             | 741,490                    | 785,107              | -                           | -                   |
| Total                    | <u>\$ 11,441,490</u>       | <u>\$ 11,885,107</u> | <u>\$ -</u>                 | <u>\$ -</u>         |
| Revenue bonds            | \$ -                       | \$ -                 | \$ 5,585,000                | \$ 6,540,000        |
| Add premiums             | -                          | -                    | 410,222                     | 467,416             |
| Less discounts           | -                          | -                    | -                           | (1,313)             |
| Total                    | <u>\$ -</u>                | <u>\$ -</u>          | <u>\$ 5,995,222</u>         | <u>\$ 7,006,103</u> |

The City of Thomasville's total bonded debt decreased by \$1,454,498 during the past fiscal year, primarily due to the payment of debt.

The City's Moody's Investor Service Rating was upgraded to Aa2 in the current fiscal year. The City maintained an A+ rating from Standard and Poor's Corporation.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Thomasville is approximately \$108,000,000. The City has \$-0- in bonds authorized but unissued as June 30, 2021.

Additional information regarding the City of Thomasville's long-term debt can be found beginning on page 57 of this report.

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

### **Economic Factors**

- Unemployment in the State of North Carolina was 4.6% as of June 30, 2021, and Davidson County's rate of unemployment was also 4.6%. The state unemployment rate has decreased from 7.6% as of June 30, 2020, and Davidson County's rate has decreased from 8.4% a year ago.

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

**Governmental Activities.** The General Fund budget for Fiscal Year 2022 increased overall by 11%. The property tax collection percentage increased by 2.5%, sales tax increased by 20%, and utility franchise tax remained constant. A \$.02 property tax increase was adopted by Council to fund an additional 1-cent set aside for recreation projects and a 1-cent set aside for city road maintenance projects. The new tax rate is \$.62 per \$100 of assessed valuation, up from \$.60 in fiscal year 2021.

**Business-Type Activities.** The Water and Sewer Fund budget for Fiscal Year 2022 increased by 10% overall. The water and sewer rates in the City will increase by 1.27% as projected in the rate study, which was updated in May 2017.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any information found in this report or requests for additional information should be directed to the Director of Finance, City of Thomasville, P.O. Box 368, Thomasville, North Carolina 27361.

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CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2021

|  | Primary Government      |                          |               |
|--|-------------------------|--------------------------|---------------|
|  | Governmental Activities | Business-Type Activities | Total         |
| <b>Assets:</b>                                 |                         |                          |               |
| Current assets:                                |                         |                          |               |
| Cash and cash equivalents                      | \$ 14,401,771           | \$ 11,158,530            | \$ 25,560,301 |
| Restricted cash                                | 618,668                 | 393,316                  | 1,011,984     |
| Receivables:                                   |                         |                          |               |
| Accounts receivable, net                       | 3,917,450               | 1,934,008                | 5,851,458     |
| Net OPEB asset                                 | -                       | -                        | -             |
| Due from other governments                     | -                       | -                        | -             |
| Due from primary government                    | -                       | -                        | -             |
| Inventories                                    | 90,325                  | 353,342                  | 443,667       |
| Investment in joint venture                    | -                       | 303,584                  | 303,584       |
| Prepaid items                                  | -                       | -                        | -             |
| Total current assets                           | 19,028,214              | 14,142,780               | 33,170,994    |
| Non-current assets:                            |                         |                          |               |
| Capital assets:                                |                         |                          |               |
| Land and construction in progress              | 2,582,190               | 8,064,051                | 10,646,241    |
| Other capital assets, net of depreciation      | 19,976,382              | 35,456,729               | 55,433,111    |
| Total capital assets                           | 22,558,572              | 43,520,780               | 66,079,352    |
| Total non-current assets                       | 22,558,572              | 43,520,780               | 66,079,352    |
| Total assets                                   | 41,586,786              | 57,663,560               | 99,250,346    |
| <b>Deferred Outflows of Resources:</b>         |                         |                          |               |
| OPEB deferrals                                 | 2,371,118               | 520,489                  | 2,891,607     |
| Pension deferrals                              | 4,471,883               | 663,540                  | 5,135,423     |
| Total deferred outflows of resources           | 6,843,001               | 1,184,029                | 8,027,030     |
| <b>Liabilities:</b>                            |                         |                          |               |
| Current liabilities:                           |                         |                          |               |
| Accounts payable and accrued liabilities       | 832,638                 | 42,228                   | 874,866       |
| Accrued interest payable                       | -                       | 105,358                  | 105,358       |
| Due to component units                         | 54,856                  | -                        | 54,856        |
| Unearned revenue                               | -                       | -                        | -             |
| Prepaid fees                                   | -                       | 58,437                   | 58,437        |
| Current portion of long-term liabilities       | 2,015,206               | 3,879,737                | 5,894,943     |
| Liabilities to be paid from restricted assets: |                         |                          |               |
| Customer deposits                              | 36,557                  | 393,316                  | 429,873       |
| Total current liabilities                      | 2,939,257               | 4,479,076                | 7,418,333     |
| Long-term liabilities:                         |                         |                          |               |
| Net pension liability                          | 5,495,585               | 1,169,927                | 6,665,512     |
| Total pension liability (LEOSSA)               | 3,880,498               | -                        | 3,880,498     |
| Total OPEB liability                           | 9,580,495               | 2,120,799                | 11,701,294    |
| Net OPEB liability                             | -                       | -                        | -             |
| Due in more than one year                      | 12,691,248              | 29,379,581               | 42,070,829    |
| Total long-term liabilities                    | 31,647,826              | 32,670,307               | 64,318,133    |
| Total liabilities                              | 34,587,083              | 37,149,383               | 71,736,466    |
| <b>Deferred Inflows of Resources:</b>          |                         |                          |               |
| OPEB deferrals                                 | 457,252                 | 100,373                  | 557,625       |
| Pension deferrals                              | 59,359                  | -                        | 59,359        |
| Total deferred inflows of resources            | 516,611                 | 100,373                  | 616,984       |
| <b>Net Position:</b>                           |                         |                          |               |
| Net investment in capital assets               | 8,868,628               | 10,442,362               | 19,310,990    |
| Restricted for:                                |                         |                          |               |
| Stabilization by state statute                 | 4,167,817               | -                        | 4,167,817     |
| Streets  | 582,111                 | -                        | 582,111       |
| Solid waste                                    | 20,982                  | -                        | 20,982        |
| Public safety                                  | 175,003                 | -                        | 175,003       |
| Other purposes                                 | -                       | -                        | -             |
| Unrestricted                                   | (488,448)               | 11,155,471               | 10,667,023    |
| Total net position                             | \$ 13,326,093           | \$ 21,597,833            | \$ 34,923,926 |

The accompanying notes are an integral part of the financial statements.

CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2021

|  | Component Units                      |  |                                      |
|--|--------------------------------------|--|--------------------------------------|
|  | Thomasville<br>Board of<br>Education | Alcoholic<br>Beverage<br>Control Board | Thomasville<br>Tourism<br>Commission |
| <b>Assets:</b>                                 |                                      |  |                                      |
| Current assets:                                |                                      |  |                                      |
| Cash and cash equivalents                      | \$ 12,110,679                        | \$ 913,560                             | \$ 230,674                           |
| Restricted cash                                | -                                    | -                                      | -                                    |
| Receivables:                                   |                                      |  |                                      |
| Accounts receivable, net                       | 307                                  | 1,038                                  | -                                    |
| Net OPEB asset                                 | 44,919                               | -                                      | -                                    |
| Due from other governments                     | 1,000,087                            | -                                      | -                                    |
| Due from primary government                    | -                                    | -                                      | 54,856                               |
| Inventories                                    | 139,067                              | 313,107                                | -                                    |
| Investment in joint venture                    | -                                    | -                                      | -                                    |
| Prepaid items                                  | -                                    | 10,049                                 | 6,063                                |
| Total current assets                           | 13,295,059                           | 1,237,754                              | 291,593                              |
| Non-current assets:                            |                                      |  |                                      |
| Capital assets:                                |                                      |  |                                      |
| Land and construction in progress              | 552,595                              | 405,801                                | -                                    |
| Other capital assets, net of depreciation      | 17,655,096                           | 1,046,681                              | -                                    |
| Total capital assets                           | 18,207,691                           | 1,452,482                              | -                                    |
| Total non-current assets                       | 18,207,691                           | 1,452,482                              | -                                    |
| Total assets                                   | 31,502,750                           | 2,690,236                              | 291,593                              |
| <b>Deferred Outflows of Resources:</b>         |                                      |  |                                      |
| OPEB deferrals                                 | 3,686,435                            | -                                      | -                                    |
| Pension deferrals                              | 4,714,678                            | 73,944                                 | -                                    |
| Total deferred outflows of resources           | 8,401,113                            | 73,944                                 | -                                    |
| <b>Liabilities:</b>                            |                                      |  |                                      |
| Current liabilities:                           |                                      |  |                                      |
| Accounts payable and accrued liabilities       | 1,445,466                            | 403,171                                | 2,978                                |
| Accrued interest payable                       | -                                    | -                                      | -                                    |
| Due to component units                         | -                                    | -                                      | -                                    |
| Unearned revenue                               | 3,184                                | -                                      | -                                    |
| Prepaid fees                                   | -                                    | -                                      | -                                    |
| Current portion of long-term liabilities       | 744,897                              | -                                      | -                                    |
| Liabilities to be paid from restricted assets: |                                      |  |                                      |
| Customer deposits                              | -                                    | -                                      | -                                    |
| Total current liabilities                      | 2,193,547                            | 403,171                                | 2,978                                |
| Long-term liabilities:                         |                                      |  |                                      |
| Net pension liability                          | 12,464,996                           | 96,483                                 | -                                    |
| Total pension liability (LEOSSA)               | -                                    | -                                      | -                                    |
| Total OPEB liability                           | -                                    | -                                      | -                                    |
| Net OPEB liability                             | 25,500,282                           | -                                      | -                                    |
| Due in more than one year                      | 1,154,584                            | -                                      | -                                    |
| Total long-term liabilities                    | 39,119,862                           | 96,483                                 | -                                    |
| Total liabilities                              | 41,313,409                           | 499,654                                | 2,978                                |
| <b>Deferred Inflows of Resources:</b>          |                                      |  |                                      |
| OPEB deferrals                                 | 12,081,351                           | -                                      | -                                    |
| Pension deferrals                              | 234,540                              | 622                                    | -                                    |
| Total deferred inflows of resources            | 12,315,891                           | 622                                    | -                                    |
| <b>Net Position:</b>                           |                                      |  |                                      |
| Net investment in capital assets               | 18,207,691                           | 1,452,482                              | -                                    |
| Restricted for:                                |                                      |  |                                      |
| Stabilization by state statute                 | 302,711                              | -                                      | 54,856                               |
| Streets  | -                                    | -                                      | -                                    |
| Solid waste                                    | -                                    | -                                      | -                                    |
| Public safety                                  | -                                    | -                                      | -                                    |
| Other purposes                                 | 193,583                              | 161,013                                | 233,759                              |
| Unrestricted                                   | (32,429,422)                         | 650,409                                | -                                    |
| Total net position                             | \$ (13,725,437)                      | \$ 2,263,904                           | \$ 288,615                           |

The accompanying notes are an integral part of the financial statements.

CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

| Functions/Programs:               | Expenses      | Program Revenues        |  |  |
|-----------------------------------|---------------|-------------------------|--|--|
|                                   |               | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary Government:</b>        |               |                         |  |  |
| <b>Governmental Activities:</b>   |               |                         |  |  |
| General government                | \$ 4,953,483  | \$ 220,820              | \$ 2,224                                 | \$ -                                   |
| Public works                      | 4,250,081     | 973,615                 | 653,049                                  | -                                      |
| Public safety                     | 15,379,400    | 443,236                 | 232,658                                  | 10,476                                 |
| Economic and physical development | 567,750       | -                       | 542,250                                  | 719,596                                |
| Cultural and recreation           | 1,167,542     | 241,561                 | 50                                       | -                                      |
| Debt service:                     |               |                         |  |  |
| Interest and fiscal charges       | 518,445       | -                       | -  | -                                      |
| Total governmental activities     | 26,836,701    | 1,879,232               | 1,430,231                                | 730,072                                |
| <b>Business-Type Activities:</b>  |               |                         |  |  |
| Water and sewer                   | 11,946,069    | 12,860,263              | -  | 2,896,468                              |
| Golf course                       | 892,481       | 823,555                 | -  | -                                      |
| Total business-type activities    | 12,838,550    | 13,683,818              | -  | 2,896,468                              |
| Total primary government          | \$ 39,675,251 | \$ 15,563,050           | \$ 1,430,231                             | \$ 3,626,540                           |
| <b>Component Units:</b>           |               |                         |  |  |
| Thomasville Board of Education    | \$ 30,477,936 | \$ 10,326               | \$ 29,775,618                            | \$ -                                   |
| Alcoholic Beverage Control Board  | 5,252,242     | 5,469,331               | -  | -                                      |
| Thomasville Tourism Commission    | 130,919       | -                       | -  | -                                      |
| Total component units             | \$ 35,861,097 | \$ 5,479,657            | \$ 29,775,618                            | \$ -                                   |

The accompanying notes are an integral part of the financial statements.



CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

| Functions/Programs:                         | Net (Expense) Revenue and Changes in Net Position |                          |                |                                |                                  |                                |
|---|---|--------------------------|----------------|--------------------------------|----------------------------------|--------------------------------|
|   | Primary Government                                |                          |                | Component Units                |                                  |                                |
|   | Governmental Activities                           | Business-Type Activities | Total          | Thomasville Board of Education | Alcoholic Beverage Control Board | Thomasville Tourism Commission |
| <b>Primary Government:</b>                  |   |                          |                |                                |                                  |                                |
| <b>Governmental Activities:</b>             |   |                          |                |                                |                                  |                                |
| General government                          | \$ (4,730,439)                                    | \$ -                     | \$ (4,730,439) |                                |                                  |                                |
| Public works                                | (2,623,417)                                       | -                        | (2,623,417)    |                                |                                  |                                |
| Public safety                               | (14,693,030)                                      | -                        | (14,693,030)   |                                |                                  |                                |
| Economic and physical development           | 694,096   | -                        | 694,096        |                                |                                  |                                |
| Cultural and recreation                     | (925,931)   | -                        | (925,931)      |                                |                                  |                                |
| Debt service:                               |   |                          |                |                                |                                  |                                |
| Interest and fiscal charges                 | (518,445)   | -                        | (518,445)      |                                |                                  |                                |
| Total governmental activities               | (22,797,166)                                      | -                        | (22,797,166)   |                                |                                  |                                |
| <b>Business-Type Activities:</b>            |   |                          |                |                                |                                  |                                |
| Water and sewer                             | -   | 3,810,662                | 3,810,662      |                                |                                  |                                |
| Golf course                                 | -   | (68,926)                 | (68,926)       |                                |                                  |                                |
| Total business-type activities              | -   | 3,741,736                | 3,741,736      |                                |                                  |                                |
| Total primary government                    | (22,797,166)                                      | 3,741,736                | (19,055,430)   |                                |                                  |                                |
| <b>Component Units:</b>                     |   |                          |                |                                |                                  |                                |
| Thomasville Board of Education              |   |                          |                | \$ (691,992)                   | \$ -                             | \$ -                           |
| Alcoholic Beverage Control Board            |   |                          |                | -                              | 217,089                          | -                              |
| Thomasville Tourism Commission              |   |                          |                | -                              | -                                | (130,919)                      |
| Total component units                       |   |                          |                | (691,992)                      | 217,089                          | (130,919)                      |
| <b>General Revenues:</b>                    |   |                          |                |                                |                                  |                                |
| Taxes:                                      |   |                          |                |                                |                                  |                                |
| Property taxes, levied for general purposes | 13,284,827  | -                        | 13,284,827     | -                              | -                                | -                              |
| Unrestricted appropriations                 | 2,130,375   | -                        | 2,130,375      | 4,413,869                      | -                                | -                              |
| Local option sales tax                      | 8,018,731   | -                        | 8,018,731      | -                              | -                                | -                              |
| Video programming tax                       | 178,503   | -                        | 178,503        | -                              | -                                | -                              |
| Solid waste disposal tax                    | 20,201  | -                        | 20,201         | -                              | -                                | -                              |
| Occupancy tax                               | 151,305   | -                        | 151,305        | -                              | -                                | 155,119                        |
| Investment earnings, unrestricted           | 80,965  | 9,769                    | 90,734         | 108,787                        | -                                | 735                            |
| Miscellaneous                               | 287   | -                        | 287            | 2,875,146                      | -                                | 22,599                         |
| Gain (loss) on sale of capital assets       | -   | 4,857                    | 4,857          | -                              | -                                | -                              |
| Fundraising revenue                         | -   | -                        | -              | -                              | -                                | 3,903                          |
| Total general revenues, excluding transfers | 23,865,194  | 14,626                   | 23,879,820     | 7,397,802                      | -                                | 182,356                        |
| Transfers                                   | (253,042)   | 253,042                  | -              | -                              | -                                | -                              |
| Total general revenues and transfers        | 23,612,152  | 267,668                  | 23,879,820     | 7,397,802                      | -                                | 182,356                        |
| Change in net position                      | 814,986   | 4,009,404                | 4,824,390      | 6,705,810                      | 217,089                          | 51,437                         |
| <b>Net Position:</b>                        |   |                          |                |                                |                                  |                                |
| Beginning of year - July 1                  | 12,511,107  | 17,588,429               | 30,099,536     | (20,431,247)                   | 2,046,815                        | 237,178                        |
| End of year - June 30                       | \$ 13,326,093                                     | \$ 21,597,833            | \$ 34,923,926  | \$ (13,725,437)                | \$ 2,263,904                     | \$ 288,615                     |

The accompanying notes are an integral part of the financial statements.

CITY OF THOMASVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

|   | Major Funds          |                               | Nonmajor Funds           |                      |
|---|----------------------|-------------------------------|--------------------------|----------------------|
|   | General Fund         | General Capital Projects Fund | Other Governmental Funds | Total                |
| <b>Assets:</b>  |                      |                               |                          |                      |
| Cash and cash equivalents   | \$ 11,907,488        | \$ 831,128                    | \$ 1,663,155             | \$ 14,401,771        |
| Restricted cash   | 610,723              | -                             | 7,945                    | 618,668              |
| Taxes receivable, net   | 304,555              | -                             | 106,743                  | 411,298              |
| Accounts receivable, net  | 667,197              | 287                           | 19,300                   | 686,784              |
| Due from other funds  | 6,961                | -                             | 24,218                   | 31,179               |
| Due from other governments  | 2,819,368            | -                             | -                        | 2,819,368            |
| Inventories   | 90,325               | -                             | -                        | 90,325               |
| Total assets  | <u>\$ 16,406,617</u> | <u>\$ 831,415</u>             | <u>\$ 1,821,361</u>      | <u>\$ 19,059,393</u> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b> |                      |                               |                          |                      |
| <b>Liabilities:</b>   |                      |                               |                          |                      |
| Accounts payable and accrued liabilities                              | \$ 808,249           | \$ -                          | \$ 24,389                | \$ 832,638           |
| Liabilities to be paid from restricted assets:                        |                      |                               |                          |                      |
| Deposits  | 28,612               | -                             | 7,945                    | 36,557               |
| Due to other funds  | 24,218               | -                             | 6,961                    | 31,179               |
| Due to component units  | 54,856               | -                             | -                        | 54,856               |
| Total liabilities   | <u>915,935</u>       | <u>-</u>                      | <u>39,295</u>            | <u>955,230</u>       |
| <b>Deferred Inflows of Resources:</b>                                 |                      |                               |                          |                      |
| Taxes receivable  | 304,555              | -                             | 106,743                  | 411,298              |
| Miscellaneous receivables   | 334,425              | -                             | -                        | 334,425              |
| Total deferred inflows of resources                                   | <u>638,980</u>       | <u>-</u>                      | <u>106,743</u>           | <u>745,723</u>       |
| <b>Fund Balances:</b>   |                      |                               |                          |                      |
| Non-spendable:  |                      |                               |                          |                      |
| Inventories   | 90,325               | -                             | -                        | 90,325               |
| Restricted:   |                      |                               |                          |                      |
| Stabilization by state statute  | 3,890,420            | 4,229                         | 273,168                  | 4,167,817            |
| Restricted, all other   | 603,093              | -                             | 175,003                  | 778,096              |
| Committed for public safety   | -                    | 827,186                       | -                        | 827,186              |
| Committed for culture and recreation                                  | 782,929              | -                             | -                        | 782,929              |
| Committed for economic development                                    | 142,444              | -                             | -                        | 142,444              |
| Committed for capital reserve   | 7,785                | -                             | -                        | 7,785                |
| Assigned for general government                                       | 271,020              | -                             | 1,408,250                | 1,679,270            |
| Unassigned  | 9,063,686            | -                             | (181,098)                | 8,882,588            |
| Total fund balances   | <u>14,851,702</u>    | <u>831,415</u>                | <u>1,675,323</u>         | <u>17,358,440</u>    |
| Total liabilities, deferred inflows of resources, and fund balances   | <u>\$ 16,406,617</u> | <u>\$ 831,415</u>             | <u>\$ 1,821,361</u>      | <u>\$ 19,059,393</u> |

The accompanying notes are an integral part of the financial statements.

**CITY OF THOMASVILLE, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

|  | <u><b>Total</b></u>  |
|--|----------------------|
| Amounts reported for governmental activities in the Statement of Net Positions (Exhibit A) are different because:  |                      |
| Total fund balance of governmental funds   | \$ 17,358,440        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                    | 22,558,572           |
| Net pension liability - LGERS  | (5,495,585)          |
| Total pension liability  | (3,880,498)          |
| Deferred outflows of resources related to OPEB are not reported in the funds.  | 2,371,118            |
| Deferred outflows of resources related to pensions are not reported in the funds.  | 4,471,883            |
| Deferred inflows of resources related to OPEB are not reported in the funds.   | (457,252)            |
| Deferred inflows of resources related to pensions are not reported in the funds.   | (59,359)             |
| Liabilities for earned revenues but considered deferred inflows of resources in fund statements  | 745,723              |
| Total OPEB liability   | (9,580,495)          |
| Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(14,706,454)</u>  |
| Net position of governmental activities  | <u>\$ 13,326,093</u> |

*The accompanying notes are an integral part of the financial statements.*

## CITY OF THOMASVILLE, NORTH CAROLINA

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

|  | Major Funds     |                                     | Nonmajor<br>Funds              |               |
|--|-----------------|-------------------------------------|--------------------------------|---------------|
|  | General<br>Fund | General<br>Capital Projects<br>Fund | Other<br>Governmental<br>Funds | Total         |
| <b>Revenues:</b>                       |                 |                                     |                                |               |
| Ad valorem taxes                       | \$ 11,841,167   | \$ -                                | \$ 1,613,198                   | \$ 13,454,365 |
| Other taxes and licenses               | 8,368,740       | -                                   | -                              | 8,368,740     |
| Unrestricted intergovernmental         | 2,130,375       | -                                   | -                              | 2,130,375     |
| Restricted intergovernmental           | 689,375         | 719,596                             | 648,434                        | 2,057,405     |
| Permits and fees                       | 410,162         | -                                   | 141,879                        | 552,041       |
| Sales and services                     | 1,074,762       | -                                   | -                              | 1,074,762     |
| Contributions                          | 100,624         | -                                   | 2,274                          | 102,898       |
| Investment earnings                    | 77,772          | 37                                  | 3,156                          | 80,965        |
| Sales tax refund                       | -               | 287                                 | -                              | 287           |
| Miscellaneous                          | 243,633         | -                                   | 1,660                          | 245,293       |
| Total revenues                         | 24,936,610      | 719,920                             | 2,410,601                      | 28,067,131    |
| <b>Expenditures:</b>                   |                 |                                     |                                |               |
| Current:                               |                 |                                     |                                |               |
| General government                     | 2,090,178       | -                                   | 1,689,582                      | 3,779,760     |
| Public works                           | 4,907,071       | -                                   | -                              | 4,907,071     |
| Public safety                          | 12,310,884      | 862,955                             | 87,731                         | 13,261,570    |
| Economic and physical development      | -               | -                                   | 567,750                        | 567,750       |
| Cultural and recreation                | 1,091,546       | -                                   | -                              | 1,091,546     |
| Miscellaneous                          | 9,406           | -                                   | -                              | 9,406         |
| Debt service:                          |                 |                                     |                                |               |
| Principal                              | 1,607,281       | -                                   | -                              | 1,607,281     |
| Interest and other changes             | 562,062         | -                                   | -                              | 562,062       |
| Capital outlay                         | 1,121,039       | -                                   | -                              | 1,121,039     |
| Total expenditures                     | 23,699,467      | 862,955                             | 2,345,063                      | 26,907,485    |
| Revenues over (under) expenditures     | 1,237,143       | (143,035)                           | 65,538                         | 1,159,646     |
| <b>Other Financing Sources (Uses):</b> |                 |                                     |                                |               |
| Transfers from other funds             | -               | -                                   | 74,143                         | 74,143        |
| Transfers to other funds               | (327,185)       | -                                   | -                              | (327,185)     |
| Total other financing sources (uses)   | (327,185)       | -                                   | 74,143                         | (253,042)     |
| Net change in fund balances            | 909,958         | (143,035)                           | 139,681                        | 906,604       |
| <b>Fund Balances:</b>                  |                 |                                     |                                |               |
| Beginning of year - July 1             | 13,941,744      | 974,450                             | 1,535,642                      | 16,451,836    |
| End of year - June 30                  | \$ 14,851,702   | \$ 831,415                          | \$ 1,675,323                   | \$ 17,358,440 |

The accompanying notes are an integral part of the financial statements.

## CITY OF THOMASVILLE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

|   |                   |
|---|-------------------|
| Net changes in fund balances - total governmental funds (Exhibit D)   | \$ 906,604        |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.   | 1,765,436         |
| In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.   | (37,169)          |
| Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.   | (1,771,662)       |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.  | (162,402)         |
| The issuance of long-term debt provides current financial resources to governmental funds. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 43,617            |
| Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.   | 1,607,281         |
| 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 the governmental funds.   |                   |
| Compensated absences  | 143,946           |
| Pension expense LGERS   | (668,809)         |
| OPEB plan expense   | (645,747)         |
| Pension expense LEO   | <u>(366,109)</u>  |
| Total changes in net position of governmental activities (Exhibit B)  | <u>\$ 814,986</u> |

*The accompanying notes are an integral part of the financial statements.*

## CITY OF THOMASVILLE, NORTH CAROLINA

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

|  | General Fund     |               |               |   |
|--|------------------|---------------|---------------|---|
|  | Budgeted Amounts |               |               | Variance with<br>Final Budget<br>Over/Under |
|  | Original         | Final         | Actual        |   |
| <b>Revenues:</b>                       |                  |               |               |   |
| Ad valorem taxes                       | \$ 11,506,752    | \$ 11,506,752 | \$ 11,841,167 | \$ 334,415                                  |
| Other taxes and licenses               | 6,775,324        | 6,862,124     | 8,368,740     | 1,506,616                                   |
| Unrestricted intergovernmental         | 2,358,972        | 2,358,972     | 2,130,375     | (228,597)                                   |
| Restricted intergovernmental           | 698,276          | 712,166       | 689,375       | (22,791)                                    |
| Permits and fees                       | 319,916          | 320,932       | 410,162       | 89,230                                      |
| Sales and services                     | 1,187,855        | 1,187,855     | 1,074,762     | (113,093)                                   |
| Contributions                          | 174,191          | 174,191       | 100,624       | (73,567)                                    |
| Investment earnings                    | 50,000           | 50,000        | 77,772        | 27,772                                      |
| Miscellaneous                          | 246,800          | 409,559       | 243,633       | (165,926)                                   |
| Total revenues                         | 23,318,086       | 23,582,551    | 24,936,610    | 1,354,059                                   |
| <b>Expenditures:</b>                   |                  |               |               |   |
| Current:                               |                  |               |               |   |
| General government                     | 2,127,146        | 2,392,081     | 2,090,178     | 301,903                                     |
| Public works                           | 5,525,455        | 5,735,709     | 4,907,071     | 828,638                                     |
| Public safety                          | 13,054,898       | 14,302,693    | 13,431,923    | 870,770                                     |
| Cultural and recreation                | 1,203,941        | 2,034,733     | 1,091,546     | 943,187                                     |
| Miscellaneous                          | 310,000          | 201,234       | 9,406         | 191,828                                     |
| Debt service:                          |                  |               |               |   |
| Principal                              | 1,522,281        | 1,647,007     | 1,607,281     | 39,726                                      |
| Interest and other changes             | 578,849          | 579,014       | 562,062       | 16,952                                      |
| Total expenditures                     | 24,322,570       | 26,892,471    | 23,699,467    | 3,193,004                                   |
| Revenues over (under) expenditures     | (1,004,484)      | (3,309,920)   | 1,237,143     | 4,547,063                                   |
| <b>Other Financing Sources (Uses):</b> |                  |               |               |   |
| Installment financing issued           | -                | 216,551       | -             | (216,551)                                   |
| Transfers to other funds               | (311,042)        | (336,135)     | (327,185)     | 8,950                                       |
| Appropriated fund balance              | 1,315,526        | 3,429,504     | -             | (3,429,504)                                 |
| Total other financing sources (uses)   | 1,004,484        | 3,309,920     | (327,185)     | (3,637,105)                                 |
| Net change in fund balance             | \$ -             | \$ -          | 909,958       | \$ 909,958                                  |
| <b>Fund Balance:</b>                   |                  |               |               |   |
| Beginning of year - July 1             |                  |               | 13,941,744    |   |
| End of year - June 30                  |                  |               | \$ 14,851,702 |   |

The accompanying notes are an integral part of the financial statements.

## CITY OF THOMASVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

|  | Major                   |                     |               |
|--|-------------------------|---------------------|---------------|
|  | Water and<br>Sewer Fund | Golf Course<br>Fund | Total         |
| <b>Assets:</b>                                 |                         |                     |               |
| Current assets:                                |                         |                     |               |
| Cash and investments                           | \$ 11,053,413           | \$ 105,117          | \$ 11,158,530 |
| Restricted cash and investments                | 392,948                 | 368                 | 393,316       |
| Accounts receivable, net - billed              | 1,181,582               | 8,254               | 1,189,836     |
| Accounts receivable, net - unbilled            | 744,172                 | -                   | 744,172       |
| Inventories                                    | 353,342                 | -                   | 353,342       |
| Investment in joint venture                    | 303,584                 | -                   | 303,584       |
| Total current assets                           | 14,029,041              | 113,739             | 14,142,780    |
| Non-current assets:                            |                         |                     |               |
| Capital assets:                                |                         |                     |               |
| Land and other non-depreciable assets          | 7,564,566               | 499,485             | 8,064,051     |
| Other capital assets, net of depreciation      | 35,152,100              | 304,629             | 35,456,729    |
| Total capital assets, net                      | 42,716,666              | 804,114             | 43,520,780    |
| Total non-current assets                       | 42,716,666              | 804,114             | 43,520,780    |
| Total assets                                   | 56,745,707              | 917,853             | 57,663,560    |
| <b>Deferred Outflows of Resources:</b>         |                         |                     |               |
| OPEB deferrals                                 | 433,741                 | 86,748              | 520,489       |
| Pension deferrals                              | 549,026                 | 114,514             | 663,540       |
| Total deferred outflows of resources           | 982,767                 | 201,262             | 1,184,029     |
| <b>Liabilities:</b>                            |                         |                     |               |
| Current liabilities:                           |                         |                     |               |
| Accounts payable and accrued liabilities       | 33,660                  | 8,568               | 42,228        |
| Prepaid fees                                   | 52,865                  | 5,572               | 58,437        |
| Accrued interest payable                       | 104,686                 | 672                 | 105,358       |
| Compensated absences, current                  | 110,990                 | 7,831               | 118,821       |
| Current portion of long-term debt              | 3,645,720               | 115,196             | 3,760,916     |
| Liabilities to be paid from restricted assets: |                         |                     |               |
| Customer deposits                              | 392,948                 | 368                 | 393,316       |
| Total current liabilities                      | 4,340,869               | 138,207             | 4,479,076     |
| Non-current liabilities:                       |                         |                     |               |
| Net pension liability- LGERS                   | 969,961                 | 199,966             | 1,169,927     |
| Compensated absences                           | 41,152                  | 20,927              | 62,079        |
| Non-current portion of long-term debt          | 29,236,662              | 80,840              | 29,317,502    |
| Other post-employment benefits obligation      | 1,777,042               | 343,757             | 2,120,799     |
| Total non-current liabilities                  | 32,024,817              | 645,490             | 32,670,307    |
| Total liabilities                              | 36,365,686              | 783,697             | 37,149,383    |
| <b>Deferred Inflows of Resources:</b>          |                         |                     |               |
| OPEB deferrals                                 | 83,644                  | 16,729              | 100,373       |
| <b>Net Position:</b>                           |                         |                     |               |
| Net investment in capital assets               | 9,834,284               | 608,078             | 10,442,362    |
| Unrestricted                                   | 11,444,860              | (289,389)           | 11,155,471    |
| Total net position                             | \$ 21,279,144           | \$ 318,689          | \$ 21,597,833 |

The accompanying notes are an integral part of the financial statements.

## CITY OF THOMASVILLE, NORTH CAROLINA

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

|  | Major                   |                     |                      |
|--|-------------------------|---------------------|----------------------|
|  | Water and<br>Sewer Fund | Golf Course<br>Fund | Total                |
| <b>Operating Revenues:</b>                         |                         |                     |                      |
| Charges for sales and services                     | \$ 12,169,758           | \$ 819,955          | \$ 12,989,713        |
| Connection fees                                    | 193,927                 | -                   | 193,927              |
| Other operating revenues                           | 496,578                 | 3,600               | 500,178              |
| Total operating revenues                           | <u>12,860,263</u>       | <u>823,555</u>      | <u>13,683,818</u>    |
| <b>Operating Expenses:</b>                         |                         |                     |                      |
| Administration                                     | 262,477                 | -                   | 262,477              |
| Billing and collection                             | 698,918                 | -                   | 698,918              |
| Meter service                                      | 269,838                 | -                   | 269,838              |
| Water treatment plant                              | 1,429,666               | -                   | 1,429,666            |
| Construction and maintenance                       | 2,208,789               | -                   | 2,208,789            |
| Waste treatment plant                              | 2,690,219               | -                   | 2,690,219            |
| Golf course clubhouse                              | -                       | 262,552             | 262,552              |
| Golf course maintenance                            | -                       | 458,822             | 458,822              |
| Depreciation and amortization                      | 3,699,575               | 165,437             | 3,865,012            |
| Total operating expenses                           | <u>11,259,482</u>       | <u>886,811</u>      | <u>12,146,293</u>    |
| Operating income (loss)                            | <u>1,600,781</u>        | <u>(63,256)</u>     | <u>1,537,525</u>     |
| <b>Non-Operating Revenues (Expenses):</b>          |                         |                     |                      |
| Investment earnings                                | 9,769                   | -                   | 9,769                |
| Interest and other charges                         | (682,219)               | (5,670)             | (687,889)            |
| Gain (loss) on sale of capital assets              | 4,857                   | -                   | 4,857                |
| Miscellaneous revenue                              | 25,876                  | -                   | 25,876               |
| Contribution to Reservoir Recreation Joint Venture | (30,244)                | -                   | (30,244)             |
| Total non-operating revenues (expenses)            | <u>(671,961)</u>        | <u>(5,670)</u>      | <u>(677,631)</u>     |
| Income (loss) before transfers                     | 928,820                 | (68,926)            | 859,894              |
| Transfers from other funds                         | <u>-</u>                | <u>253,042</u>      | <u>253,042</u>       |
| Income (loss) before capital contributions         | 928,820                 | 184,116             | 1,112,936            |
| Capital contributions                              | <u>2,896,468</u>        | <u>-</u>            | <u>2,896,468</u>     |
| Change in net position                             | 3,825,288               | 184,116             | 4,009,404            |
| <b>Net Position:</b>                               |                         |                     |                      |
| Beginning of year - July 1                         | <u>17,453,856</u>       | <u>134,573</u>      | <u>17,588,429</u>    |
| End of year - June 30                              | <u>\$ 21,279,144</u>    | <u>\$ 318,689</u>   | <u>\$ 21,597,833</u> |

The accompanying notes are an integral part of the financial statements.



**CITY OF THOMASVILLE, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <b>Major</b>                    |                             |                      |
|--|---------------------------------|-----------------------------|----------------------|
|  | <b>Water and<br/>Sewer Fund</b> | <b>Golf Course<br/>Fund</b> | <b>Total</b>         |
| <b>Cash Flows from Operating Activities:</b>                         |                                 |                             |                      |
| Cash received from customers   | \$ 13,019,740                   | \$ 850,221                  | \$ 13,869,961        |
| Cash paid for goods and services                                     | (5,319,116)                     | (235,225)                   | (5,554,341)          |
| Cash paid to employees for services                                  | (2,776,108)                     | (460,667)                   | (3,236,775)          |
| Customer deposits received (paid)                                    | 3,405                           | -                           | 3,405                |
| Net cash provided (used) by operating activities                     | <u>4,927,921</u>                | <u>154,329</u>              | <u>5,082,250</u>     |
| <b>Cash Flows from Non-Capital Financing Activities:</b>             |                                 |                             |                      |
| Contribution to Reservoir Recreation Joint Venture                   | (30,244)                        | -                           | (30,244)             |
| Miscellaneous non-operating revenue                                  | 25,876                          | -                           | 25,876               |
| Due to (from) other funds  | -                               | (135,124)                   | (135,124)            |
| Transfers (to) from other funds                                      | -                               | 253,042                     | 253,042              |
| Net cash provided (used) by non-capital financing activities         | <u>(4,368)</u>                  | <u>117,918</u>              | <u>113,550</u>       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |                                 |                             |                      |
| Acquisition and construction of capital assets                       | (5,248,683)                     | (25,487)                    | (5,274,170)          |
| Principal payments on long-term debt                                 | (3,393,545)                     | (149,065)                   | (3,542,610)          |
| Proceeds from sale of capital assets                                 | 4,857                           | -                           | 4,857                |
| Capital grant proceeds   | 2,896,468                       | -                           | 2,896,468            |
| Interest expense   | (694,045)                       | (5,670)                     | (699,715)            |
| Proceeds from issuance of debt                                       | <u>2,218,580</u>                | <u>-</u>                    | <u>2,218,580</u>     |
| Net cash provided (used) by capital and related financing activities | <u>(4,216,368)</u>              | <u>(180,222)</u>            | <u>(4,396,590)</u>   |
| <b>Cash Flows from Investing Activities:</b>                         |                                 |                             |                      |
| Interest and dividends   | <u>21,594</u>                   | <u>-</u>                    | <u>21,594</u>        |
| Net cash provided (used) by investing activities                     | <u>21,594</u>                   | <u>-</u>                    | <u>21,594</u>        |
| Net increase (decrease) in cash and cash equivalents                 | 728,779                         | 92,025                      | 820,804              |
| <b>Cash and Equivalents:</b>   |                                 |                             |                      |
| Beginning of year - July 1   | <u>10,717,582</u>               | <u>13,460</u>               | <u>10,731,042</u>    |
| End of year - June 30  | <u>\$ 11,446,361</u>            | <u>\$ 105,485</u>           | <u>\$ 11,551,846</u> |

*The accompanying notes are an integral part of the financial statements.*

**CITY OF THOMASVILLE, NORTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

|   | <b>Major</b>                    |                             |                     |
|---|---------------------------------|-----------------------------|---------------------|
|   | <b>Water and<br/>Sewer Fund</b> | <b>Golf Course<br/>Fund</b> | <b>Total</b>        |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided (Used) by Operating Activities:</b> |                                 |                             |                     |
| Operating income (loss)   | \$ 1,600,781                    | \$ (63,256)                 | \$ 1,537,525        |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities:  |                                 |                             |                     |
| Depreciation and amortization   | 3,699,575                       | 165,437                     | 3,865,012           |
| Change in assets and liabilities:   |                                 |                             |                     |
| (Increase) decrease in accounts receivable  | 112,157                         | 28,097                      | 140,254             |
| (Increase) decrease in inventories  | (48,006)                        | -                           | (48,006)            |
| Increase (decrease) in net pension liability  | 214,919                         | 42,984                      | 257,903             |
| Increase (decrease) in deferred inflows of<br>resources for pensions                                      | -                               | (289)                       | (289)               |
| (Increase) decrease in deferred outflows of<br>resources for pensions                                     | (90,323)                        | (18,065)                    | (108,388)           |
| Increase (decrease) in accounts payable and accrued liabilities   | (719,405)                       | (18,710)                    | (738,115)           |
| (Increase) decrease in deferred outflows of resources for OPEB  | (152,803)                       | (30,560)                    | (183,363)           |
| Increase (decrease) in deferred inflows of resources for OPEB   | 31,176                          | 6,236                       | 37,412              |
| Increase (decrease) in deferred inflows   | -                               | (1,431)                     | (1,431)             |
| Increase (decrease) in compensated absences payable   | 2,468                           | (4,064)                     | (1,596)             |
| Increase (decrease) in other post-employment benefits   | 239,752                         | 47,950                      | 287,702             |
| Increase (decrease) in customer deposits  | 3,405                           | -                           | 3,405               |
| Net cash provided (used) by operating activities  | <u>\$ 4,927,921</u>             | <u>\$ 154,329</u>           | <u>\$ 5,082,250</u> |

*The accompanying notes are an integral part of the financial statements.*

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **1. Summary of Significant Accounting Policies**

The accounting policies of the City of Thomasville (the “City”) and its discretely presented component units 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 City is a municipal corporation, which is governed by an elected Mayor and a seven-member Council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable. The discretely presented component units presented below are reported jointly in a separate column in the City’s financial statements in order to emphasize that they are legally separate from the City.

##### **Thomasville Board of Education**

The members of the Thomasville Board of Education (the “Board of Education”) are appointed by the City Council. In addition, the City sets the rate of and levies the school supplement tax remitted to the Board of Education annually. The Thomasville Board of Education, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the Thomasville Board of Education may be obtained from the entity’s administrative offices at 400 Turner Street, Thomasville, North Carolina 27360.

##### **Thomasville Alcoholic Beverage Control (ABC) Board**

The members of the governing body of the Thomasville ABC Board (the “ABC Board”) are appointed by the City Council. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Thomasville Alcoholic Beverage Control (ABC) Board may be obtained from the entity’s administrative office at 1414 National Highway, Thomasville, North Carolina 27360.

##### **Thomasville Tourism Commission**

The members of the governing board of the Thomasville Tourism Commission (the “Commission”) are appointed by the City Council. In addition, the City collects an occupancy tax, remitting 95% of such taxes collected to the Commission, SL 1993-453. The Commission, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). Complete financial statements for the Commission may be obtained from the entity’s administrative office at 44 West Main Street, Thomasville, North Carolina 27360.

##### **Thomasville Public Facilities Corporation**

This legally separate non-profit corporation assists the City in obtaining long-term financing (i.e., certificates of participation). Once obtained, the debt and any related assets are transferred to the City. As such, no assets or liabilities of the corporation existed at June 30, 2021.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and 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 City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

*Fund Financial Statements.* The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The City 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.

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 and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, and general government services.

**General Capital Projects Fund.** The General Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds).

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The City reports the following major enterprise funds:

**Water and Sewer Fund.** The Water and Sewer Fund is used to account for the City's water and sewer operations. The primary revenue source is charges to water and sewer customers on a monthly basis. The primary expenses are water treatment, sewer treatment, distribution and collection lines, and administration.

**Golf Course Fund.** The Golf Course Fund is used to account for the operation of the City municipal golf course.

### C. Measurement Focus and Basis of Accounting

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

*Government-Wide and Proprietary Fund Financial Statements.* The government-wide and proprietary 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 City 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. 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 City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*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.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

The City 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 City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Thomasville because the tax is levied by Davidson and Randolph Counties and then remitted to and distributed by the state. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

On-behalf payments made by the state to the Fireman's and Rescue Squad Workers' Pension Plan for employees of the City are recognized as revenues and expenditures during the period in which the state makes the contributions to the Plan. Also, the state's contributions to the Fireman's Relief Fund, which have been spent by the local board of trustees for various salary supplements and stipends for employees, have been recognized as revenues and expenditures during the period in which those payments were received.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City'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 City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (city school supplement, police restitution and forfeitures, stormwater, cemetery, and beautification), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all other special revenue funds, the capital projects funds, and the Enterprise Capital Project Fund, which are consolidated with the operating funds for reporting purposes.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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 object level for the multi-year funds. The City Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000; however, any revisions that alter the total expenditures of any fund or that change functional appropriations by more than \$10,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

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

#### **Deposits and Investments**

All deposits of the City are made in Board-designated official depositories and are secured or required by state law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 City 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 City's and the ABC Board's investments are generally reported at fair value. The NCCMT- Government Portfolio, an SEC-registered (2a7) government money market fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

In accordance with State law, the City has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### Cash and Cash Equivalents

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

#### Restricted Cash

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

##### **Governmental Activities:**

###### General Fund:

|                    |           |
|--------------------|-----------|
| Developer deposits | \$ 28,612 |
| Streets            | 582,111   |

###### Cemetery Fund:

|                               |                |
|-------------------------------|----------------|
| Customer deposits             | <u>7,945</u>   |
| Total governmental activities | <u>618,668</u> |

##### **Business-Type Activities:**

###### Water and Sewer Fund:

|                   |         |
|-------------------|---------|
| Customer deposits | 392,948 |
|-------------------|---------|

###### Golf Course Fund:

|                                |                |
|--------------------------------|----------------|
| Customer deposits              | <u>368</u>     |
| Total business-type activities | <u>393,316</u> |

|                       |                            |
|-----------------------|----------------------------|
| Total restricted cash | <u><u>\$ 1,011,984</u></u> |
|-----------------------|----------------------------|



# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **Ad Valorem Taxes Receivable**

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. As allowed by state law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowance for Doubtful Accounts**

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

### **Inventory and Prepaid Items**

The inventories of the City are valued at cost (first-in, first-out method), which approximates market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The cost of these inventories is recorded as an expense as the inventories are consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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 amount and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: buildings, improvements, substations, lines, and other plant and distribution systems – \$25,000; infrastructure – \$100,000; and furniture, equipment 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

| <u>Asset Class</u>                 | <u>Estimated<br/>Useful Life</u> |
|------------------------------------|----------------------------------|
| Infrastructure and buildings       | 10 to 50 years                   |
| Furniture, equipment, and vehicles | 5 to 15 years                    |

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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 City has two items that meet this criterion, pension deferrals and OPEB deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criteria for this category –property taxes receivable, miscellaneous receivables, pension and OPEB deferrals.

#### Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. 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 the 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **Compensated Absences**

The vacation policies of the City provide for the accumulation of up to thirty days earned vacation leave, with such leave being fully vested when earned. For the City'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 on a first-in, first-out basis. The portion of time estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited amount of earned sick leave. Sick leave does not vest, but 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 City does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Net Position/Fund Balances**

#### **Net Position**

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, the 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.

State law [G.S. 159-13 (b) (16)] restricts the appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

**Non-Spendable 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.

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**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 Public Works* – portion of fund balance that is available for appropriation but legally segregated for a \$2.00 per ton excise tax on solid waste collected by the N.C. Department of Revenue and distributed quarterly to the City. The funds are designated to promote and fund recycling in Thomasville.

*Restricted for Streets* – portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as restitution and forfeitures.

Restricted fund balance at June 30, 2021 is as follows:

| <b>Purpose</b>                | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> |
|-------------------------------|-------------------------|---|
| <b>Restricted, All Other:</b> |                         |   |
| Streets                       | \$ 582,111              | \$ -                                    |
| Public works                  | 20,982                  | -                                       |
| Public safety                 | -                       | 175,003                                 |
| <b>Total</b>                  | <b>\$ 603,093</b>       | <b>\$ 175,003</b>                       |

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Committed Fund Balance:** This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that 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.

*Committed for Economic Development* – represents the portion of fund balance committed by the governing body for future economic development related purposes.

*Committed for Capital Reserve* – represents the portion of fund balance committed by the governing body for future capital related purposes.

*Committed for Public Safety* – represents the portion of fund balance committed by the governing body for public safety related purposes.

*Committed for Culture and Recreation* – represents the portion of fund balance committed by the governing body for culture and recreation related purposes.

**Assigned Fund Balance:** Assigned fund balance is the portion of fund balance that the City of Thomasville intends to use for specific purposes. The City's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Assigned for General Government* – portion of fund balance that has been budgeted by the Board for general governmental activities for subsequent years' expenditures, beautification, community development, and cemetery usage.

**Unassigned Fund Balance:** Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that can report positive unassigned Fund balance.

The City of Thomasville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City or when required by grant or other contractual agreements.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The City has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least equal to or greater than 24.0% of the budgeted operating expenditures (excluding capital outlay). Any portion of the General Fund balance in excess of 24.0% of budgeted operating expenditures may be appropriated for capital items valued at \$10,000 or greater.

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 | \$ 14,851,702               |
| <b>Less:</b>                      |                             |
| Inventories                       | (90,325)                    |
| Stabilization by state statute    | <u>(3,890,420)</u>          |
| Total available fund balance      | <u><u>\$ 10,870,957</u></u> |

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

#### **Governmental Activities:**

|                               |                          |
|-------------------------------|--------------------------|
| General Fund                  | \$ 731,319               |
| Capital Projects Fund         | 3,942                    |
| Nonmajor funds                | <u>229,650</u>           |
| Total governmental activities | <u><u>\$ 964,911</u></u> |

#### **Business-Type Activities:**

|                                |                            |
|--------------------------------|----------------------------|
| Water and Sewer Fund           | \$ 3,186,942               |
| Golf                           | <u>1,050</u>               |
| Total business-type activities | <u><u>\$ 3,187,992</u></u> |

#### **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 City of Thomasville's employer contributions are recognized when due and the City of Thomasville 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 2. Detail Notes On All Funds

#### A. Assets

##### Deposits

All of the deposits of the City 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 City's agent in the respective unit'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 City, these deposits are considered to be held by the City's agent in their 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 City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City 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 City 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 City's deposits had a carrying amount of \$21,295,871 and a bank balance of \$21,901,202. The City also had petty cash of \$2,100. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method.

##### Investments

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

| <u>Investment by Type</u>                             | <u>Valuation</u>   | <u>Book</u>       | <u>Maturity</u> | <u>Rating</u> |
|---|--------------------|-------------------|-----------------|---------------|
|   | <u>Measurement</u> | <u>Value as</u>   |                 |               |
|   | <u>Method</u>      | <u>of 6/30/21</u> |                 |               |
| NC Capital Management Trust -<br>Government Portfolio | Fair Value Level 1 | \$ 5,274,314      | N/A             | AAAm          |

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. As of June 30, 2021, the City's investment in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service. The City has no policy regarding credit risk.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Receivables

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

|                                  | <u>Accounts</u>     | <u>Taxes</u>      | <u>Due From<br/>Other<br/>Governments</u> | <u>Due From<br/>Component<br/>Unit</u> | <u>Total</u>        |
|----------------------------------|---------------------|-------------------|---|--|---------------------|
| <b>Governmental Activities:</b>  |                     |                   |   |  |                     |
| General                          | \$ 667,197          | \$ 794,555        | \$ 2,819,368                              | \$ -                                   | \$ 4,281,120        |
| Other governmental               | 19,587              | 286,743           | -   | -                                      | 306,330             |
| Total receivables                | 686,784             | 1,081,298         | 2,819,368                                 | -                                      | 4,587,450           |
| Allowance for doubtful accounts  | -                   | (670,000)         | -   | -                                      | (670,000)           |
| Total governmental activities    | <u>\$ 686,784</u>   | <u>\$ 411,298</u> | <u>\$ 2,819,368</u>                       | <u>\$ -</u>                            | <u>\$ 3,917,450</u> |
| <b>Business-Type Activities:</b> |                     |                   |   |  |                     |
| Water and sewer                  | \$ 1,994,185        | \$ -              | \$ 176,569                                | \$ -                                   | \$ 2,170,754        |
| Golf course                      | -                   | -                 | 8,254                                     | -                                      | 8,254               |
| Total receivables                | 1,994,185           | -                 | 184,823                                   | -                                      | 2,179,008           |
| Allowance for doubtful accounts  | (245,000)           | -                 | -   | -                                      | (245,000)           |
| Total business-type activities   | <u>\$ 1,749,185</u> | <u>\$ -</u>       | <u>\$ 184,823</u>                         | <u>\$ -</u>                            | <u>\$ 1,934,008</u> |

Amounts due from governmental agencies consist of the following:

|  | <u>County</u>     | <u>State</u>        | <u>Total</u>        |
|--|-------------------|---------------------|---------------------|
| <b>Governmental Funds:</b>                     |                   |                     |                     |
| <b>General Fund:</b>                           |                   |                     |                     |
| Property taxes                                 | \$ 225,577        | \$ -                | \$ 225,577          |
| Sales and use tax distribution                 | -                 | 2,014,845           | 2,014,845           |
| Utilities franchise and telecommunications tax | -                 | 445,362             | 445,362             |
| Sales tax refund                               | -                 | 133,584             | 133,584             |
| Total governmental funds                       | <u>\$ 225,577</u> | <u>\$ 2,593,791</u> | <u>\$ 2,819,368</u> |
| <b>Business-Type Funds:</b>                    |                   |                     |                     |
| <b>Water and Sewer Fund:</b>                   |                   |                     |                     |
| Sales tax refund                               | \$ -              | \$ 176,569          | \$ 176,569          |
| <b>Golf Course Fund:</b>                       |                   |                     |                     |
| Sales tax refund                               | -                 | 8,254               | 8,254               |
| Total business-type funds                      | <u>\$ -</u>       | <u>\$ 184,823</u>   | <u>\$ 184,823</u>   |



# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Capital Assets

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

|   | <u>July 1, 2020</u>  | <u>Increases</u>    | <u>Decreases</u>  | <u>Transfers</u> | <u>June 30, 2021</u> |
|---|----------------------|---------------------|-------------------|------------------|----------------------|
| <b>Governmental Activities:</b>             |                      |                     |                   |                  |                      |
| <b>Non-Depreciable Capital Assets:</b>      |                      |                     |                   |                  |                      |
| Land  | \$ 1,965,493         | \$ -                | \$ -              | \$ -             | \$ 1,965,493         |
| Construction in progress                    | 126,900              | 489,797             | -                 | -                | 616,697              |
| Total non-depreciable capital assets        | <u>2,092,393</u>     | <u>489,797</u>      | <u>-</u>          | <u>-</u>         | <u>2,582,190</u>     |
| <b>Depreciable Capital Assets:</b>          |                      |                     |                   |                  |                      |
| Buildings                                   | 19,338,062           | -                   | 41,008            | -                | 19,297,054           |
| Other improvements                          | 4,261,221            | -                   | 17,081            | -                | 4,244,140            |
| Infrastructure                              | 2,358,196            | -                   | -                 | -                | 2,358,196            |
| Equipment and vehicles                      | <u>18,272,477</u>    | <u>1,275,639</u>    | <u>357,045</u>    | <u>-</u>         | <u>19,191,071</u>    |
| Total depreciable capital assets            | <u>44,229,956</u>    | <u>1,275,639</u>    | <u>415,134</u>    | <u>-</u>         | <u>45,090,461</u>    |
| <b>Less Accumulated Depreciation:</b>       |                      |                     |                   |                  |                      |
| Buildings                                   | 4,713,809            | 378,661             | 41,008            | -                | 5,051,462            |
| Other improvements                          | 2,823,233            | 157,521             | 10,817            | -                | 2,969,937            |
| Infrastructure                              | 1,750,945            | 53,017              | -                 | -                | 1,803,962            |
| Equipment and vehicles                      | <u>14,432,395</u>    | <u>1,182,463</u>    | <u>326,140</u>    | <u>-</u>         | <u>15,288,718</u>    |
| Total accumulated depreciation              | <u>23,720,382</u>    | <u>\$ 1,771,662</u> | <u>\$ 377,965</u> | <u>\$ -</u>      | <u>25,114,079</u>    |
| Total depreciable capital assets, net       | <u>20,509,574</u>    |                     |                   |                  | <u>19,976,382</u>    |
| Governmental activities capital assets, net | <u>\$ 22,601,967</u> |                     |                   |                  | <u>\$ 22,558,572</u> |

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

|                    |                     |
|--------------------|---------------------|
| General government | \$ 25,056           |
| Public works       | 462,395             |
| Public safety      | 1,111,130           |
| Recreation         | <u>173,081</u>      |
| Total              | <u>\$ 1,771,662</u> |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The following is a summary of changes in the business-type capital assets for the year ended June 30, 2021:

|   | <u>July 1, 2020</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Transfers</u>   | <u>June 30, 2021</u> |
|---|---------------------|---------------------|------------------|--------------------|----------------------|
| <b>Business-Type Activities:</b>            |                     |                     |                  |                    |                      |
| <b>Water and Sewer Fund:</b>                |                     |                     |                  |                    |                      |
| <b>Non-Depreciable Capital Assets:</b>      |                     |                     |                  |                    |                      |
| Land  | \$ 390,831          | \$ -                | \$ -             | \$ -               | \$ 390,831           |
| Construction in progress                    | 5,437,477           | 5,002,976           | -                | (3,266,718)        | 7,173,735            |
| Total non-depreciable capital assets        | <u>5,828,308</u>    | <u>5,002,976</u>    | <u>-</u>         | <u>(3,266,718)</u> | <u>7,564,566</u>     |
| <b>Depreciable Capital Assets:</b>          |                     |                     |                  |                    |                      |
| Buildings                                   | 7,582,068           | -                   | -                | -                  | 7,582,068            |
| Other improvements                          | 38,211,904          | -                   | -                | -                  | 38,211,904           |
| Infrastructure                              | 57,853,032          | -                   | -                | 3,266,718          | 61,119,750           |
| Equipment and vehicles                      | 4,640,440           | 245,707             | 29,811           | -                  | 4,856,336            |
| Total depreciable capital assets            | <u>108,287,444</u>  | <u>245,707</u>      | <u>29,811</u>    | <u>3,266,718</u>   | <u>111,770,058</u>   |
| <b>Less Accumulated Depreciation:</b>       |                     |                     |                  |                    |                      |
| Buildings                                   | 7,321,657           | 58,000              | -                | -                  | 7,379,657            |
| Other improvements                          | 21,228,101          | 1,679,723           | -                | -                  | 22,907,824           |
| Infrastructure                              | 41,231,956          | 1,689,686           | -                | -                  | 42,921,642           |
| Equipment and vehicles                      | 3,110,598           | 328,048             | 29,811           | -                  | 3,408,835            |
| Total accumulated depreciation              | <u>72,892,312</u>   | <u>\$ 3,755,457</u> | <u>\$ 29,811</u> | <u>\$ -</u>        | <u>76,617,958</u>    |
| Total depreciable capital assets, net       | <u>35,395,132</u>   |                     |                  |                    | <u>35,152,100</u>    |
| Water and Sewer Fund<br>capital assets, net | <u>41,223,440</u>   |                     |                  |                    | <u>42,716,666</u>    |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

|   | <u>July 1, 2020</u>  | <u>Increases</u>  | <u>Decreases</u> | <u>Transfers</u> | <u>June 30, 2021</u> |
|---|----------------------|-------------------|------------------|------------------|----------------------|
| <b>Golf Course Fund:</b>                        |                      |                   |                  |                  |                      |
| <b>Non-Depreciable Capital Assets:</b>          |                      |                   |                  |                  |                      |
| Land  | 499,485              | \$ -              | \$ -             | \$ -             | 499,485              |
| Total non-depreciable capital assets            | <u>499,485</u>       | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>499,485</u>       |
| <b>Depreciable Capital Assets:</b>              |                      |                   |                  |                  |                      |
| Buildings                                       | 3,111,116            | -                 | -                | -                | 3,111,116            |
| Improvements                                    | 51,491               | -                 | -                | -                | 51,491               |
| Furniture, equipment, and vehicles              | 1,266,536            | 25,487            | -                | -                | 1,292,023            |
| Total depreciable capital assets                | <u>4,429,143</u>     | <u>25,487</u>     | <u>-</u>         | <u>-</u>         | <u>4,454,630</u>     |
| <b>Less Accumulated Depreciation:</b>           |                      |                   |                  |                  |                      |
| Buildings                                       | 3,108,280            | 577               | -                | -                | 3,108,857            |
| Improvements                                    | 46,681               | 1,835             | -                | -                | 48,516               |
| Furniture, equipment, and vehicles              | 829,603              | 163,025           | -                | -                | 992,628              |
| Total accumulated depreciation                  | <u>3,984,564</u>     | <u>\$ 165,437</u> | <u>\$ -</u>      | <u>\$ -</u>      | <u>4,150,001</u>     |
| Total depreciable capital assets, net           | <u>444,579</u>       |                   |                  |                  | <u>304,629</u>       |
| Golf Course Fund<br>capital assets, net         | <u>944,064</u>       |                   |                  |                  | <u>804,114</u>       |
| Business-type activities<br>capital assets, net | <u>\$ 42,167,504</u> |                   |                  |                  | <u>\$ 43,520,780</u> |

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

|                                  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> |
|----------------------------------|------------------------------------|-------------------------------------|
| Capital assets                   | \$ 22,558,572                      | \$ 43,520,780                       |
| Long-term debt                   | (13,689,944)                       | (33,078,418)                        |
| Net investment in capital assets | <u>\$ 8,868,628</u>                | <u>\$ 10,442,362</u>                |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### B. Liabilities

#### Payables

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

|                          | <b>Vendors</b>   | <b>Salaries and<br/>Benefits</b> | <b>Ending<br/>Balances</b> |
|--------------------------|------------------|----------------------------------|----------------------------|
| Governmental activities  | <u>\$ 24,218</u> | <u>\$ 808,420</u>                | <u>\$ 832,638</u>          |
| Business-type activities | <u>\$ 4,539</u>  | <u>\$ 37,689</u>                 | <u>\$ 42,228</u>           |

#### Construction Commitments

The government has active construction projects as of June 30, 2021. At June 30, 2021, the government's commitments with contractors are as follows:

| <b>Project</b>                            | <b>Spent-to-Date</b> | <b>Remaining<br/>Commitment</b> |
|---|----------------------|---------------------------------|
| Hank Branch Phase 1 project               | \$ 110,673           | \$ 34,747                       |
| North Hamby Creek Outfall Phase 3 project | 4,501,437            | 291,056                         |
| Total                                     | <u>\$ 4,612,110</u>  | <u>\$ 325,803</u>               |

#### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

**Plan Description.** The City is a participating employer in the state-wide 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 LGERS is included in the Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor'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. City of Thomasville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Thomasville's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, 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 City of Thomasville were \$1,493,369 for the year ended June 30, 2021.

*Refunds of Contributions* – City 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.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

At June 30, 2021, the City reported a liability of \$6,665,512 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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 City's proportion was 0.18653%, which was a decrease of 0.00508% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$2,311,404. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 841,737                                    | \$ -   |
| Changes of assumptions   | 496,045                                       | -  |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 937,992                                       | -  |
| Changes in proportion and differences between City<br>contributions and proportionate share of contributions | 47,997  | -  |
| City contributions subsequent to the measurement date  | 1,493,369                                     | -  |
| Total  | <u>\$ 3,817,140</u>                           | <u>\$ -</u>                                  |

\$1,493,369 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending</b> |                     |
|--------------------|---------------------|
| <b>June 30</b>     | <b>Total</b>        |
| 2022               | \$ 664,263          |
| 2023               | 869,522             |
| 2024               | 512,388             |
| 2025               | 277,598             |
| 2026               | -                   |
| Thereafter         | -                   |
| Total              | <u>\$ 2,323,771</u> |

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**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 increase           | 3.50 to 8.10 percent, including inflation and productivity factor         |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

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

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

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

| <b>Asset Class</b>   | <b>Target<br/>Allocation</b> | <b>Long-Term<br/>Expected Real<br/>Rate of Return</b> |
|----------------------|------------------------------|---|
| 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                | <u>100.0%</u>                |   |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City'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:

|  | <b>1%<br/>Decrease<br/>(6.00%)</b> | <b>Discount<br/>Rate<br/>(7.00%)</b> | <b>1%<br/>Increase<br/>(8.00%)</b> |
|--|------------------------------------|--------------------------------------|------------------------------------|
| City's proportionate share of<br>the net pension liability (asset) | <u>\$13,523,597</u>                | <u>\$ 6,665,512</u>                  | <u>\$ 965,961</u>                  |

**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.

### **Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** The City administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.



## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

|                             |           |
|-----------------------------|-----------|
| Retirees receiving benefits | 8         |
| Active plan members         | <u>66</u> |
| Total                       | <u>74</u> |

A separate report was not issued for the plan.

#### Summary of Significant Accounting Policies

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

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

#### Actuarial Assumptions

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

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

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates were based on Pub-2010 amount-weighted tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

**Contributions.** The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The City paid \$95,136 as benefits came due for the reporting period.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

At June 30, 2021, the City reported a total pension liability of \$3,880,498. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$441,909.

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 313,629                                    | \$ -   |
| Changes of assumptions   | 953,652                                       | 59,359                                       |
| City benefit payments and plan administrative expense<br>made subsequent to the measurement date | 51,002  | -  |
| Total  | <u>\$ 1,318,283</u>                           | <u>\$ 59,359</u>                             |

\$51,002 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending<br/>June 30</b> | <b>Amount</b>       |
|--------------------------------|---------------------|
| 2022                           | \$ 247,454          |
| 2023                           | 252,070             |
| 2024                           | 235,941             |
| 2025                           | 229,672             |
| 2026                           | 182,544             |
| Thereafter                     | 60,241              |
| Total                          | <u>\$ 1,207,922</u> |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Sensitivity of the City's Total Pension Liability to Changes in the Discount Rate.* The following presents the City's total pension liability calculated using the discount rate of 1.93 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

|                         | <b>1%<br/>Decrease<br/>(0.93%)</b> | <b>Discount<br/>Rate<br/>(1.93%)</b> | <b>1%<br/>Increase<br/>(2.93%)</b> |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total pension liability | <u>\$ 4,224,360</u>                | <u>\$ 3,880,498</u>                  | <u>\$ 3,564,861</u>                |

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

|   | <b>2021</b>         |
|---|---------------------|
| Beginning balance   | \$ 2,626,148        |
| Service cost  | 109,919             |
| Interest on the total pension liability   | 84,062              |
| Differences between expected and actual experience<br>in the measurement of the total pension liability | 146,338             |
| Changes of assumptions or other inputs  | 1,009,167           |
| Benefit payments  | <u>(95,136)</u>     |
| Ending balance of the total pension liability   | <u>\$ 3,880,498</u> |

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on 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 a five year period ended December 31, 2019.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

|  | <u>LGERS</u> | <u>LEOSSA</u> | <u>Total</u> |
|--|--------------|---------------|--------------|
| Pension expense  | \$ 2,311,404 | \$ 441,909    | \$ 2,753,313 |
| Pension liability  | 6,665,512    | 3,880,498     | 10,546,010   |
| Proportionate share of the net pension liability   | 0.18653%     | n/a           | -            |
| <b>Deferred of Outflows of Resources:</b>  |              |               |              |
| Differences between expected and actual experience   | \$ 841,737   | \$ 313,629    | \$ 1,155,366 |
| Changes of assumptions   | 496,045      | 953,652       | 1,449,697    |
| Net difference between projected and actual earnings on plan investments                             | 937,992      | -             | 937,992      |
| Changes in proportion and differences between contributions and proportionate share of contributions | 47,997       | -             | 47,997       |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | 1,493,369    | 51,002        | 1,544,371    |
| <b>Deferred of Inflows of Resources:</b>   |              |               |              |
| Changes of assumptions   | \$ -         | \$ 59,359     | \$ 59,359    |

### **Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The City contributes to Supplemental Retirement Income Plans (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The state's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) Plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Comptroller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to their plan. Contributions for the year ended June 30, 2021 were \$294,680, which consisted of \$190,413 from the City and \$104,267 from the law enforcement officers. No amounts were forfeited.

In addition to law enforcement officers, the City has allowed other employees to contribute to the Plan. During the year ended June 30, 2021, other employees contributed \$168,070 to the Plan. The City elected not to make a contribution for other employees during the year ended June 30, 2021. No amounts were forfeited.

### **Other Employment Benefits**

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the Death Benefit Plan, or who die within 180 days after retirement or termination of service and have at least one year of continuing membership service in the Death Benefit Plan at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan and not by the City; the City does not determine the number of eligible participants.

The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

### **Other Post-Employment Benefits – Healthcare Benefits**

**Plan Description.** In addition to providing pension benefits, the City, by resolution, has elected to provide healthcare benefits to retirees of the City who retire from the North Carolina Local Government Employees' Retirement System under a normal or early retirement and has at least 15 consecutive years of service with the City at the time of retirement is eligible to participate in the City's healthcare plan upon retirement. Employees retiring due to a disability retirement are not eligible to participate in the City's healthcare plan upon retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active City employees. Retirees can purchase coverage for their dependents at the City's group rates. Currently, 38 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2021, the City made payments for post-retirement health benefits premiums of \$330,935. The City entered into an agreement with the North Carolina Health Insurance Pool (NCHIP) and Blue Cross and Blue Shield of North Carolina to administer a self-funded group health plan for its retirees. The City Council may amend the benefit provisions.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Coverage will continue until the retiree becomes Medicare eligible at which time the City's subsidized retiree healthcare benefits will end. Retirees not qualifying for the City's subsidized health insurance plan may continue coverage for themselves and their dependents at their expense. The retiree may continue dependent coverage and pay the full cost of this coverage if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates when the dependent reaches the age of 65.

No assets are accumulated in a trust that meets the criteria in paragraph 14 of GASB Statement 75.

Membership of the plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

|  | <b>General<br/>Employees</b> | <b>Law<br/>Enforcement<br/>Officers</b> |
|--|------------------------------|---|
| Retirees and dependents receiving benefits | 30                           | 8                                       |
| Active plan members                        | 207                          | 66                                      |
| Total                                      | 237                          | 74                                      |

#### **Total OPEB Liability**

The City's total OPEB liability of \$11,701,294 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

|   |  |
|---|--|
| Inflation                                   | 2.50 percent   |
| Real wage growth                            | 1.00 percent   |
| Wage inflation                              | 3.50 percent   |
| Salary increases, including wage inflation: |  |
| General employees                           | 3.50 to 7.75 percent   |
| Firefighters                                | 3.50 to 7.75 percent   |
| Law enforcement officers                    | 3.50 to 7.35 percent   |
| Municipal bond index rate:                  |  |
| Prior measurement date                      | 3.50 percent   |
| Measurement date                            | 2.21 percent   |
| Healthcare cost trend rates:                |  |
| Pre-Medicare                                | 7.00 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2030 |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

### Changes in the Total OPEB Liability

|   | <b>Total OPEB<br/>Liability</b> |
|---|---------------------------------|
| <b>Balance at beginning of year</b>                 | <u>\$ 10,102,951</u>            |
| Changes for the year:                               |                                 |
| Service cost  | 419,292                         |
| Interest  | 362,536                         |
| Changes of benefit terms                            | 51,552                          |
| Differences between expect and<br>actual experience | (308,921)                       |
| Changes in assumptions or other inputs              | 1,404,819                       |
| Benefit payments                                    | <u>(330,935)</u>                |
| Net changes   | <u>1,598,343</u>                |
| <br><b>Balance at June 30, 2021</b>                 | <br><u><u>\$ 11,701,294</u></u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period January 1, 2010 through December 31, 2014 adopted by the LGERS Board.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>(1.21%)</b> | <b>Discount<br/>Rate<br/>(2.21%)</b> | <b>1%<br/>Decrease<br/>(3.21%)</b> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | <u>\$ 12,880,906</u>               | <u>\$ 11,701,294</u>                 | <u>\$ 10,638,347</u>               |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | <u>1%<br/>Decrease</u> | <u>Current</u> | <u>1%<br/>Increase</u> |
|----------------------|------------------------|----------------|------------------------|
| Total OPEB liability | \$ 10,352,688          | \$ 11,701,294  | \$ 13,301,287          |

### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,165,486. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience                                   | \$ 1,033,345                                  | \$ 356,187                                   |
| Changes of assumptions   | 1,587,104                                     | 201,438                                      |
| Benefit payments and administrative costs made<br>subsequent to the measurement date | 271,158                                       | -  |
| Total  | <u>\$ 2,891,607</u>                           | <u>\$ 557,625</u>                            |

\$271,158 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending<br/>June 30</u> | <u>Amount</u>       |
|--------------------------------|---------------------|
| 2022                           | \$ 332,106          |
| 2023                           | 332,106             |
| 2024                           | 332,106             |
| 2025                           | 332,106             |
| 2026                           | 369,489             |
| Thereafter                     | 364,911             |
| Total                          | <u>\$ 2,062,824</u> |



## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### Deferred Outflows and Inflows of Resources

The City has two deferred outflows of resources. Deferred outflows of resources are comprised of the following:

| <u>Source</u>     | <u>Amount</u>       |
|-------------------|---------------------|
| OPEB deferrals    | \$ 2,891,607        |
| Pension deferrals | 5,135,423           |
| Total             | <u>\$ 8,027,030</u> |

The balance in deferred inflows of resources for the City of Thomasville at year-end is composed of the following elements:

|  | <u>Amount</u>     |
|--|-------------------|
| OPEB deferrals                                   | \$ 557,625        |
| Pension deferrals                                | 59,359            |
| Miscellaneous accounts receivable (General Fund) | 334,425           |
| Taxes receivable (Special Revenue Fund)          | 106,743           |
| Taxes receivable (General Fund)                  | 304,555           |
| Total  | <u>\$ 805,082</u> |

#### Risk Management

The City 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 City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Effective May 1, 2021, the city entered into an agreement with the North Carolina Health Insurance Pool (NCHIP) and Blue Cross and Blue Shield of North Carolina to administer a self-funded group health plan for its employees, retirees, and their dependents. NCHIP is a trust established by contracting units of local government, as permitted by Article 23 of Chapter 58 of the North Carolina General Statutes. The city entered into a Stop Loss Insurance Contract with NCHIP, the Group Health Plan, and Blue Cross and Blue Shield to limit claims liability under the Group Health Plan for an individual member's paid claims, not to exceed the specific Stop-Loss level elected during a single contract period. For the contract period of 7/1/2021 to 6/30/2021, the level was \$200,000 for medical and prescription drug coverage. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

The City does not carry flood insurance.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Director of Finance is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket plan for \$100,000 in a loss related to dishonesty, forgery, or alteration, and \$5,000 for theft.

### Long-Term Obligations

#### Installment Purchase Contracts

##### Serviced by Governmental Funds:

|  |                     |
|--|---------------------|
| SunTrust - for purchase of equipment, issued February 2019 in the amount of \$1,100,000, payable in 96 monthly installments of \$38,579, including interest at 2.92%. The equipment is held as collateral.   | \$ 814,077          |
| SunTrust - for purchase of various equipment, issued February 2019 in the amount of \$686,000, payable in 59 monthly installments of \$36,814, including interest at 2.83%. The equipment is held as collateral. 70.0% of this debt is serviced by the governmental funds.   | 186,157             |
| Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2016 in the amount of \$1,618,725, payable in 20 quarter-annual installments of \$42,101, including interest at 1.54%. The vehicles and equipment are held as collateral. 76.0% of this debt is serviced by the General Fund. | 127,335             |
| Motorola Solutions Financing - for the purchase of equipment, issued September 2016 in the amount of \$1,769,780, payable in 5 annual installments of \$373,857, including interest at 2.840%. The equipment is held as collateral.  | 364,540             |
| Branch Banking & Trust - for the purchase of various vehicles and equipment, issued October 2017 in the amount of \$589,500, payable in 20 quarter-annual installments of \$31,019, including interest at 2.00%. The vehicles and equipment are held as collateral. 95.0% of this debt is serviced by the General Fund.    | 173,801             |
| Branch Banking & Trust - for the purchase and improvement of property, issued December 2019 in the amount of \$1,231,500, payable in 19 quarter-annual installments of \$68,455, including interest at 2.11%. The property is held as collateral. 42% of this debt is serviced by governmental activities.                 | 387,027             |
| Energy United Electrical Membership Corporation - for the purchase of vehicles and equipment, issued February 2020 in the amount of \$270,000, payable in 10 bi-annual installments of \$27,000, with no interest. The vehicles and equipment are held as collateral.  | <u>195,517</u>      |
| Total governmental funds   | <u>\$ 2,248,454</u> |

## **CITY OF THOMASVILLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

The City's outstanding note from direct placements related to governmental activities of \$814,077 is secured by a security interest in various equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the equipment securing the loan and the City will relinquish all rights to the equipment.

The City's outstanding note from direct placements related to governmental activities of \$186,157 is secured by a security interest in various equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the equipment securing the loan and the City will relinquish all rights to the equipment.

The City's outstanding note from direct placements related to governmental activities of \$127,335 is secured by a security interest in various vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the vehicles and equipment securing the loan and the City will relinquish all rights to the vehicles and equipment.

The City's outstanding note from direct placements related to governmental activities of \$364,540 is secured by a security interest in various equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the equipment securing the loan and the City will relinquish all rights to the equipment.

The City's outstanding note from direct placements related to governmental activities of \$173,801 is secured by a security interest in various vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the vehicles and equipment securing the loan and the City will relinquish all rights to the vehicles and equipment.

The City's outstanding note from direct placements related to governmental activities of \$387,027 is secured by a security interest in various property. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the property securing the loan and the City will relinquish all rights to the property.

The City's outstanding note from direct placements related to governmental activities of \$195,517 is secured by a security interest in various vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the vehicles and equipment securing the loan and the City will relinquish all rights to the vehicles and equipment.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Serviced by Business-Type Funds:

#### Water and Sewer Fund:

SunTrust - for purchase of various equipment, issued February 2019 in the amount of \$686,000, payable in 59 monthly installments of \$36,814, including interest at 2.83%. The equipment is held as collateral. 22.0% of this debt is serviced by the Water and Sewer Fund. \$ 58,464

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2016 in the amount of \$1,618,725, payable in 20 quarter-annual installments of \$42,101, including interest at 1.54%. The vehicles and equipment are held as collateral. 15.0% of this debt is serviced by the Water and Sewer Fund. 25,132

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued October 2017 in the amount of \$589,500, payable in 20 quarter-annual installments of \$31,019, including interest at 2.00%. The vehicles and equipment are held as collateral. 5.0% of this debt is serviced by the Water and Sewer Fund. 9,147

Branch Banking & Trust - for the purchase and improvement of property, issued December 2019 in the amount of \$1,231,500, payable in 19 quarter-annual installments of \$68,455, including interest at 2.11%. The property is held as collateral. 50.0% of this debt is serviced by the Water and Sewer Fund. 460,744

Total Water and Sewer Fund \$ 553,487

The City's outstanding note from direct placements related to water and sewer of \$58,464 is secured by a security interest in various equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the equipment securing the loan and the City will relinquish all rights to the equipment.

The City's outstanding note from direct placements related to water and sewer of \$25,132 is secured by a security interest in various vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the vehicles and equipment securing the loan and the City will relinquish all rights to the vehicles and equipment.

The City's outstanding note from direct placements related to water and sewer of \$9,147 is secured by a security interest in various vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

principal and interest are due. Upon default, the lender will take possession of the vehicles and equipment securing the loan and the City will relinquish all rights to the vehicles and equipment.

The City's outstanding note from direct placements related to water and sewer of \$460,744 is secured by a security interest in various property. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the property securing the loan and the City will relinquish all rights to the property.

#### **Golf Course Fund:**

SunTrust - for purchase of various equipment, issued February 2019 in the amount of \$686,000, payable in 59 monthly installments of \$36,814, including interest at 2.83%. The equipment is held as collateral. 8.0% of this debt is serviced by the Golf Course Fund. \$ 21,260

Branch Banking & Trust - for the purchase of various vehicles and equipment, issued December 2016 in the amount of \$1,618,725, payable in 20 quarter-annual installments of \$42,101, including interest at 1.54%. The vehicles and equipment are held as collateral. 9.0% of this debt is serviced by the Golf Fund. 15,078

Branch Banking & Trust - for the purchase and improvement of property, issued December 2019 in the amount of \$1,231,500, payable in 19 quarter-annual installments of \$68,455, including interest at 2.11%. The property is held as collateral. 8.0% of this debt is serviced by the Golf Fund. 73,719

Branch Banking & Trust - for the purchase of various equipment, issued February 2020 in the amount of \$170,000, payable in 10 quarter-annual installments of \$17,492, including interest at 2.29%. 85,979

Total Golf Course Fund 196,036

Total business-type funds \$ 749,523

The City's outstanding note from direct placements related to the golf course of \$21,260 is secured by a security interest in various equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the equipment securing the loan and the City will relinquish all rights to the equipment.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The City's outstanding note from direct placements related to the golf course of \$15,078 is secured by a security interest in various vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the vehicles and equipment securing the loan and the City will relinquish all rights to the vehicles and equipment.

The City's outstanding note from direct placements related to the golf course of \$73,719 is secured by a security interest in various property. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the property securing the loan and the City will relinquish all rights to the property.

The City's outstanding note from direct placements related to the golf course of \$85,979 is secured by a security interest in various equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, the lender will take possession of the equipment securing the loan and the City will relinquish all rights to the equipment.

Annual debt service requirements for the City's direct placement installment purchase notes are as follows:

| Year Ending<br>June 30 | Governmental Activities |                   | Business-Type Activities |                  | Total Debt Due      |                   |
|------------------------|-------------------------|-------------------|--------------------------|------------------|---------------------|-------------------|
|                        | Principal               | Interest          | Principal                | Interest         | Principal           | Interest          |
| 2022                   | \$ 999,067              | \$ 48,911         | \$ 304,893               | \$ 14,689        | \$ 1,303,960        | \$ 63,600         |
| 2023                   | 449,995                 | 27,774            | 210,748                  | 8,739            | 660,743             | 36,513            |
| 2024                   | 308,060                 | 17,121            | 155,102                  | 4,176            | 463,162             | 21,297            |
| 2025                   | 228,996                 | 10,753            | 78,780                   | 624              | 307,776             | 11,377            |
| 2026                   | 148,267                 | -                 | -                        | -                | 148,267             | -                 |
| 2027 - 2029            | 114,069                 | -                 | -                        | -                | 114,069             | -                 |
| Total                  | <u>\$ 2,248,454</u>     | <u>\$ 104,559</u> | <u>\$ 749,523</u>        | <u>\$ 28,228</u> | <u>\$ 2,997,977</u> | <u>\$ 132,787</u> |

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Water/Sewer 2004, 2009, and 2012 Revenue Bonds:

The City issued Combined Enterprise System Revenue Bonds (Series 2009) totaling \$7,080,000 on November 25, 2009. These bonds bear interest at rates varying from 3.00% to 4.00% to advance refund the 1997A and 1997B Water and Sewer Refunding Bonds to finance improvements to the Combined Enterprise System. Principal and interest will be provided by appropriation in the year in which they become due. \$ 250,000

The City issued Combined Enterprise System Revenue Bonds (Series 2012) totaling \$10,745,000 on May 10, 2012. These bonds bear interest at rates varying from 2.00% to 4.75% to advance refund the 2002 and 2003 Water and Sewer Refunding Bonds to finance improvements to the Combined Enterprise System. Principal and interest will be provided by appropriation in the year in which they become due. 5,335,000

Total revenue bonds \$ 5,585,000

The revenue bonds are secured by pledged water and sewer customer revenues, net of specified operating expenses to repay revenue bonds. In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

### Revenue Bond Indebtedness

Annual debt service requirements to maturity for revenue bonds are as follows:

| Year Ending<br>June 30 | Water and Sewer Fund |                   |                     |
|------------------------|----------------------|-------------------|---------------------|
|                        | Principal            | Interest          | Total               |
| 2022                   | \$ 990,000           | \$ 215,925        | \$ 1,205,925        |
| 2023                   | 770,000              | 176,325           | 946,325             |
| 2024                   | 800,000              | 145,525           | 945,525             |
| 2025                   | 835,000              | 113,525           | 948,525             |
| 2026                   | 860,000              | 86,388            | 946,388             |
| 2027-2030              | 1,330,000            | 72,650            | 1,402,650           |
| Total                  | <u>\$ 5,585,000</u>  | <u>\$ 810,338</u> | <u>\$ 6,395,338</u> |

At June 30, 2021, the City of Thomasville had a legal debt margin of approximately \$108,000,000.

## **CITY OF THOMASVILLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

#### **Direct Borrowing Revolving Loan Payables**

On January 6, 2006, the City was approved for a maximum loan amount of \$27,000,000 from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund program. The loan proceeds were being used to upgrade the wastewater treatment plant. The loan is repayable at 2.31% for 20 years. The loan repayment schedule based on the maximum loan of \$27,000,000 calls for semi-annual principal and interest repayments that amount to \$1,700,230 annually for 20 years. The total amount outstanding at June 30, 2021 was \$12,292,884.

On March 14, 2011, the City was approved for a \$59,354 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the American Recovery and Reinvestment Act, Drinking Water State Revolving Fund program. The loan proceeds were being used to install solar mixers at various water treatment plant locations. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$3,100 annually for 20 years. The total amount outstanding at June 30, 2021 was \$26,628.

On June 4, 2012, the City was approved for a \$521,273 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a Sanitary Sewer project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$26,064 annually for 20 years. The total amount outstanding at June 30, 2021 was \$286,700.

On October 15, 2012, the City was approved for a \$1,233,394 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a Fairgrove Water Main Improvement project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$61,670 annually for 20 years. The total amount outstanding at June 30, 2021 was \$718,241.

On December 30, 2013, the City was approved for a \$695,750 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a Northside Pump Station Sewer project. The loan is repayable at 2.00% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$34,788 annually for 20 years. The total amount outstanding at June 30, 2021 was \$452,237.



## **CITY OF THOMASVILLE, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

On February 24, 2014, the City was approved for a \$3,169,646 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a North Hamby Creek Outfall Sewer project. The loan is repayable at 2.00% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$158,482 annually for 20 years. The total amount outstanding at June 30, 2021 was \$1,840,508.

On August 1, 2014, the City was approved for a \$241,293 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for the East Davidson Sewer project. The loan is repayable at zero percent for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$12,065 annually for 20 years. The total amount outstanding at June 30, 2021 was \$156,840.

On October 4, 2016, the City was approved for a \$3,176,801 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a Pilot Area Sewer project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$158,840 annually for 20 years. The total amount outstanding at June 30, 2021 was \$2,838,931.

On April 4, 2017, the City was approved for a \$822,924 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the Drinking Water State Revolving Fund program. The loan proceeds were being used to upgrade the wastewater treatment plant. The loan is repayable at 1.84% for 20 years. The loan repayment schedule based on the maximum loan of \$822,924 calls for semi-annual principal and interest repayments that amount to approximately \$41,146 annually for 20 years. The total amount outstanding at June 30, 2021 was \$404,885.

On June 30, 2017, the City was approved for a \$5,140,783 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a North Hamby Creek Outfall Sewer project. The loan is repayable at 1.40% for 20 years. The loan repayment schedule calls for semiannual principal repayments that amount to approximately \$283,400 annually for 20 years. The total amount outstanding at June 30, 2021 was \$4,290,583.

On May 1, 2018, the City was approved for a \$4,041,778 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a North Hamby Creek Outfall Sewer project. The loan is repayable at 0.84% for 20 years. The loan repayment schedule calls for semiannual principal repayments that amount to approximately \$202,089 annually for 20 years. The total amount outstanding at June 30, 2021 was \$2,211,208.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

On May 1, 2018, the City was approved for a \$952,411 loan from the U.S. Environmental Protection Agency passed through the North Carolina Department of Environmental and Natural Resources under the North Carolina Water Pollution Control Revolving Fund program. The loan proceeds were being used for a Hank Branch Sewer project. The loan is repayable at 0% for 20 years. The loan repayment schedule calls for annual principal repayments that amount to approximately \$47,621 annually for 20 years. The total amount outstanding at June 30, 2021 was \$814,028.

The City's outstanding notes from direct borrowings related to business-type activities is not secured by a pledge of the faith and credit of the State of North Carolina or of the City but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the City from the state may be withheld by the state and applied to the payment of the outstanding note.

Total outstanding direct borrowing revolving loan payables at June 30, 2021 are \$26,333,673.

| <b>Year Ending</b><br><b>June 30</b> | <b>Water and Sewer Fund</b> |                     |                      |
|--------------------------------------|-----------------------------|---------------------|----------------------|
|                                      | <b>Principal</b>            | <b>Interest</b>     | <b>Total</b>         |
| 2022                                 | \$ 2,408,829                | \$ 402,553          | \$ 2,811,382         |
| 2023                                 | 2,441,488                   | 373,202             | 2,814,690            |
| 2024                                 | 2,474,900                   | 330,144             | 2,805,044            |
| 2025                                 | 2,509,082                   | 286,317             | 2,795,399            |
| 2026                                 | 2,544,052                   | 241,702             | 2,785,754            |
| 2027-2031                            | 9,831,070                   | 550,091             | 10,381,161           |
| 2032-2036                            | 3,464,160                   | 96,188              | 3,560,348            |
| 2037-2041                            | 660,092                     | 1,870               | 661,962              |
| Total                                | <u>\$ 26,333,673</u>        | <u>\$ 2,282,067</u> | <u>\$ 28,615,740</u> |

#### Water/Sewer Revenue Bonds

The City has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 704 of the bond order, authorizing the issuance of the Water and Sewer Revenue bonds, Series 2004, 2009, and 2012 since their adoption. Section 704(a) of the Bond Order requires the debt service parity coverage ratio to be no less than 125.0% and the total debt service coverage ratio to be no less than 100.0%. Additional indebtedness constituted by the Series 2004 revenue bonds is to be considered in the calculation of the debt service parity coverage ratio.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The debt service parity coverage ratio calculation for the year ended June 30, 2021 is as follows:

|   |                         |
|---|-------------------------|
| Operating revenues  | \$ 12,860,263           |
| Operating expenses*   | <u>(7,559,907)</u>      |
| Operating income  | <u>\$ 5,300,356</u>     |
| <br>Debt service on parity indebtedness                                       | <br><u>\$ 1,209,125</u> |
| <br>Debt service on parity indebtedness                                       | <br>438%                |
| <br>Other indebtedness related to the<br>Combined Enterprise System           | <br><u>\$ 2,832,544</u> |
| <br>Pro-forma debt service coverage<br>ratio on parity and other indebtedness | <br>131%                |

\*Excludes depreciation and amortization

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay Combined Enterprise System revenue bonds (\$7,080,000 issued in 2009, \$10,745,000 issued in 2012, and \$3,500,000 issued in 2004). Proceeds from the bonds provided financing for the sewer line extensions to annexed areas. The bonds are payable solely from water and sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 9% of net revenues. The total principal and interest remaining to be paid on the bonds is \$6,395,338. Principal and interest paid for the current year and total net revenues were \$1,209,125 and \$12,860,263, respectively.

#### Limited Obligation Bonds

On December 4, 2018, the City issued \$11,100,000 in limited obligation bonds, Series 2018 to fund construction for the City's new police facility. These 20-year bonds have interest rates varying between 4% and 5%. The total shown is net of the unamortized bond premium of \$872,341 associated with the bonds.

|       |                      |
|-------|----------------------|
| Total | <u>\$ 10,700,000</u> |
|-------|----------------------|

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

In the event of a default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

| <u>Year Ending June 30</u> | <u>Principal</u>     | <u>Interest</u>     |
|----------------------------|----------------------|---------------------|
| 2022                       | \$ 430,000           | \$ 483,000          |
| 2023                       | 645,000              | 462,300             |
| 2024                       | 645,000              | 430,050             |
| 2025                       | 645,000              | 397,800             |
| 2026                       | 645,000              | 365,550             |
| 2027-2031                  | 3,210,000            | 1,344,750           |
| 2032-2036                  | 3,200,000            | 640,000             |
| 2037-2040                  | <u>1,280,000</u>     | <u>76,800</u>       |
| Total                      | <u>\$ 10,700,000</u> | <u>\$ 4,200,250</u> |

The future payments presented above have not been adjusted by the net of unamortized bond premiums of \$741,490.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2021.

|   | <b>Balance</b>       |                     |                       |                      | <b>Current</b>      |
|---|----------------------|---------------------|-----------------------|----------------------|---------------------|
|   | <b>July 1, 2020</b>  | <b>Increases</b>    | <b>Decreases</b>      | <b>June 30, 2021</b> | <b>Maturities</b>   |
| <b>Governmental Activities:</b>           |                      |                     |                       |                      |                     |
| Direct placement installment purchases    | \$ 3,455,735         | \$ -                | \$ (1,207,281)        | \$ 2,248,454         | \$ 999,067          |
| Net pension obligation (LGERS)            | 4,320,696            | 1,174,889           | -                     | 5,495,585            | -                   |
| Total pension liability (LEOSSA)          | 2,626,148            | 1,349,486           | (95,136)              | 3,880,498            | -                   |
| Total other post-employment liability     | 8,269,854            | 1,310,641           | -                     | 9,580,495            | -                   |
| Compensated absences                      | <u>1,160,456</u>     | <u>475,402</u>      | <u>(619,348)</u>      | <u>1,016,510</u>     | <u>542,522</u>      |
|   |                      |                     |                       |                      |                     |
| Direct placement limited obligation bonds | 11,100,000           | -                   | (400,000)             | 10,700,000           | 430,000             |
| Add: unamortized bond premium             | <u>785,107</u>       | <u>-</u>            | <u>(43,617)</u>       | <u>741,490</u>       | <u>43,617</u>       |
| Total limited obligation bonds            | <u>11,885,107</u>    | <u>-</u>            | <u>(443,617)</u>      | <u>11,441,490</u>    | <u>473,617</u>      |
|   |                      |                     |                       |                      |                     |
| Total governmental activities             | <u>\$ 31,717,996</u> | <u>\$ 4,310,418</u> | <u>\$ (2,365,382)</u> | <u>\$ 33,663,032</u> | <u>\$ 2,015,206</u> |
| <b>Serviced by Water and Sewer Fund:</b>  |                      |                     |                       |                      |                     |
| Direct placement installment purchases    | \$ 817,215           | \$ -                | \$ (263,728)          | \$ 553,487           | \$ 189,697          |
|   |                      |                     |                       |                      |                     |
| Revenue bonds                             | 6,540,000            | -                   | (955,000)             | 5,585,000            | 990,000             |
| Add: unamortized bond premium             | 467,416              | -                   | (57,194)              | 410,222              | 57,194              |
| Less: unamortized bond discount           | <u>(1,313)</u>       | <u>1,313</u>        | <u>-</u>              | <u>-</u>             | <u>-</u>            |
| Total revenue bonds                       | <u>7,006,103</u>     | <u>1,313</u>        | <u>(1,012,194)</u>    | <u>5,995,222</u>     | <u>1,047,194</u>    |
|   |                      |                     |                       |                      |                     |
| Direct borrowing note payable             | 26,289,910           | 2,218,580           | (2,174,817)           | 26,333,673           | 2,408,829           |
| Compensated absences                      | 149,674              | 111,658             | (109,190)             | 152,142              | 110,990             |
| Net pension obligation (LGERS)            | 755,042              | 214,919             | -                     | 969,961              | -                   |
| Total other post-employment liability     | <u>1,537,290</u>     | <u>239,752</u>      | <u>-</u>              | <u>1,777,042</u>     | <u>-</u>            |
|   |                      |                     |                       |                      |                     |
| Total water and sewer                     | <u>\$ 36,555,234</u> | <u>\$ 2,786,222</u> | <u>\$ (3,559,929)</u> | <u>\$ 35,781,527</u> | <u>\$ 3,756,710</u> |
| <b>Serviced by Golf Course Fund:</b>      |                      |                     |                       |                      |                     |
| Direct placement installment purchases    | \$ 345,101           | \$ -                | \$ (149,065)          | \$ 196,036           | \$ 115,196          |
| Total other post-employment liability     | 295,807              | 47,950              | -                     | 343,757              | -                   |
| Net pension obligation (LGERS)            | 156,982              | 42,984              | -                     | 199,966              | -                   |
| Compensated absences                      | <u>32,823</u>        | <u>4,873</u>        | <u>(8,938)</u>        | <u>28,758</u>        | <u>7,831</u>        |
| Total golf course                         | <u>\$ 830,713</u>    | <u>\$ 95,807</u>    | <u>\$ (158,003)</u>   | <u>\$ 768,517</u>    | <u>\$ 123,027</u>   |

Compensated absences, pension obligations, and other post-employment benefit liabilities for governmental activities typically have been liquidated in the General Fund.

# CITY OF THOMASVILLE, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### C. Revenue, Expenditures, and Expenses

#### On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as revenue and an expenditure on-behalf payments for fringe benefits of \$14,989 for the stipend benefits paid to eligible fireman by the local Board of Trustees of the Fireman's Relief Fund during the fiscal year ended June 30, 2021. Under state law, the local Board of Trustees for the fund receives an amount each year, which the Board may use at its own discretion for eligible firemen or their dependents.

### D. Interfund Balances and Activity

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

|   |                  |
|---|------------------|
| Due to the City School Supplement Fund from the General Fund<br>for property taxes                      | \$ 24,218        |
| Due to the General Fund from the Public Safety Grant Fund<br>Grant Fund for cash deficit at year-end    | 5,211            |
| Due to the General Fund from the Community Development Block<br>Grant Fund for cash deficit at year-end | <u>1,750</u>     |
| Total   | <u>\$ 31,179</u> |

Transfers to/from other funds during the year ended June 30, 2021 consist of the following:

|   |                   |
|---|-------------------|
| From the General Fund to the Golf Course Fund for debt payments                                 | \$ 253,042        |
| From the General Fund to the Police Restitution and Forfeitures Fund<br>for annual contribution | 10,000            |
| From the General Fund to the Beautification Fund for annual contribution                        | 30,393            |
| From the General Fund to the Cemetery Fund for annual contribution                              | 10,000            |
| From the General Fund to the Community Development Block Grant Fund<br>for annual contribution  | <u>23,750</u>     |
| Total   | <u>\$ 327,185</u> |

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **3. Related Organization**

The five-member Board of the City of Thomasville Housing Authority is appointed by the Mayor of the City of Thomasville. The City is accountable for the housing authority because it appoints the governing board; however, the City is not financially accountable for the housing authority. The City of Thomasville is also disclosed as a related organization in the notes to the financial statements for the City of Thomasville Housing Authority.

The pro shop at the City's golf course is owned and operated by a City employee. The employee leases the space for the pro shop from the City. The City's income from the lease for the year ended June 30, 2021 was \$6,000.

### **4. Joint Venture**

The municipalities of Thomasville and Lexington, North Carolina, jointly own and operate a waterworks reservoir system. Both cities' governing bodies have authority, under resolutions adopted individually, to acquire, construct, improve, maintain, and jointly operate this system. Both cities have authority to issue bonds or other means of financing as necessary to acquire, construct, and/or improve the system. There are no bonds outstanding for the joint venture at June 30, 2021, and there are no bonds authorized but unissued. The cities' governing boards also have joint control over budgeting the operation.

As of May 1, 2000, the two cities and their county of location, Davidson County, entered into an agreement to form the Lake Thom-A-Lex Recreation Authority. This Authority, consisting of five members appointed by the governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex.

Costs of operation are shared equally between both cities and the County. The City maintains control over the financial records and its share to the cost of operations is included as a non-operating expense in the Water and Sewer Fund. The City of Lexington and Davidson County are billed by Thomasville for their share of the costs.

Effective July 1, 2009, Davidson County began maintaining control over the financial records of the operation of the lake.

The City has a 50% interest in the venture and an ongoing financial responsibility for Lake Thom-A-Lex. The City's equity interest as of June 30, 2021 was \$303,584, which is shown in the government-wide financial statements. There is no distribution of net income. Net position remains in the joint venture for future operational needs of the system.

## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Assets, other than the construction in progress, consist of 1,034 acres of land, an earthen dam constructed in 1957, a boat house, piers, boats, and a vehicle, which are jointly owned. Costs of these assets are listed below as well as a condensed balance sheet and a statement of revenues, expenditures, and changes in fund balance.

|                                | <u>June 30, 2021</u>         |
|--------------------------------|------------------------------|
| <b>Assets:</b>                 |                              |
| Cash                           | \$ 314,083                   |
| Accounts receivable            | 12,022                       |
| Land                           | 223,395                      |
| Buildings                      | 15,000                       |
| Other improvements             | 1,190,537                    |
| Equipment                      | <u>87,018</u>                |
|                                | 1,842,055                    |
| Less: accumulated depreciation | <u>(1,234,887)</u>           |
| Total assets                   | <u>\$ 607,168</u>            |
| <br>Net position               | <br><u><u>\$ 607,168</u></u> |



## CITY OF THOMASVILLE, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

|  | <u>June 30, 2021</u>  |
|--|-----------------------|
| <b>Revenues:</b>   |                       |
| Permits, rentals, concessions, etc.  | \$ 12,884             |
| Contributions:   |                       |
| City of Thomasville  | 30,244                |
| City of Lexington  | 30,244                |
| Davidson County  | <u>51,022</u>         |
| Total revenues   | <u>124,394</u>        |
| <b>Expenditures:</b>   |                       |
| Salaries and employee benefits   | 107,082               |
| Operating expenditures   | <u>43,823</u>         |
| Total expenditures   | <u>150,905</u>        |
| <br>Revenues over (under) expenditures   | <br>(26,511)          |
| <b>Reconciliation from Budgetary Basis<br/>(Modified Accrual) to Full Accrual:</b> |                       |
| Reconciling items:   |                       |
| Depreciation expense   | <u>(41,939)</u>       |
| <br>Change in net position   | <br>(68,450)          |
| <b>Net Position:</b>   |                       |
| Beginning of year - July 1   | <u>675,618</u>        |
| <br>End of year - June 30  | <br><u>\$ 607,168</u> |

#### 5. Jointly Governed Organization

The City, in conjunction with six counties and 25 other municipalities, established the Piedmont Triad Regional Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$5,690 to the Council during the fiscal year ended June 30, 2021.

# **CITY OF THOMASVILLE, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **6. Summary Disclosure of Significant Commitments and Contingencies**

#### **Federal and State-Assisted Programs**

The City 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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### **Coronavirus Disease (COVID-19)**

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the City, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the City is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

### **7. Subsequent Events**

As part of pandemic relief provided by the federal government, the City of Thomasville was awarded \$8,492,968 from the American Rescue Plan (ARP.) The City received the first installment of \$4,246,484 subsequent to year end, with the remaining \$4,246,484 expected to be received within the next 12 months.

## CITY OF THOMASVILLE, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST FIVE FISCAL YEARS**

|  | <b>Law Enforcement Officers' Special Separation Allowance</b> |                     |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|---------------------|
|  | <b>2021</b>   | <b>2020</b>         | <b>2019</b>         | <b>2018</b>         | <b>2017</b>         |
| Beginning balance  | \$ 2,626,148  | \$ 2,282,150        | \$ 2,250,595        | \$ 2,024,832        | \$ 1,980,847        |
| Service cost   | 109,919   | 100,803             | 103,778             | 87,491              | 92,355              |
| Interest on the total pension liability  | 84,062  | 80,383              | 69,246              | 76,479              | 69,524              |
| Differences between expected and actual experience in the measurement of the total pension liability | 146,338   | 227,161             | 72,218              | 10,701              | -                   |
| Changes of assumptions or other inputs   | 1,009,167   | 83,282              | (95,177)            | 138,101             | (51,090)            |
| Benefit payments   | <u>(95,136)</u>   | <u>(147,631)</u>    | <u>(118,510)</u>    | <u>(87,009)</u>     | <u>(66,804)</u>     |
| Ending balance of the total pension liability  | <u>\$ 3,880,498</u>   | <u>\$ 2,626,148</u> | <u>\$ 2,282,150</u> | <u>\$ 2,250,595</u> | <u>\$ 2,024,832</u> |

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

\*Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2026.

## CITY OF THOMASVILLE, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL -  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST FIVE FISCAL YEARS**

|  | <b>Law Enforcement Officers' Special Separation Allowance</b> |              |              |              |              |
|--|---|--------------|--------------|--------------|--------------|
|  | <b>2021</b>   | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  |
| Total pension liability  | \$ 3,880,498  | \$ 2,626,148 | \$ 2,282,150 | \$ 2,250,595 | \$ 2,024,832 |
| Covered employee payroll   | 3,777,213   | 3,729,584    | 3,478,115    | 3,398,634    | 3,302,883    |
| Total pension liability as a<br>percentage of covered employee payroll | 102.73%   | 70.41%       | 65.61%       | 66.22%       | 61.30%       |

**Notes to the Schedules:**

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

\*Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2026.

## CITY OF THOMASVILLE, NORTH CAROLINA

## OTHER POST-EMPLOYMENT BENEFITS

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

## LAST FOUR FISCAL YEARS

|   | Other Post-Employment Benefits |                      |                     |                     |
|---|--------------------------------|----------------------|---------------------|---------------------|
|   | 2021                           | 2020                 | 2019                | 2018                |
| Service cost  | \$ 419,292                     | \$ 386,326           | \$ 299,600          | \$ 325,027          |
| Interest  | 362,536                        | 358,261              | 255,206             | 219,563             |
| Changes of benefit terms  | 51,552                         | -                    | -                   | -                   |
| Differences between expected<br>and actual experience               | (308,921)                      | (53,950)             | 1,636,465           | (85,292)            |
| Changes of assumptions or other inputs                              | 1,404,819                      | 364,744              | 125,277             | (387,094)           |
| Benefit payments  | (330,935)                      | (321,390)            | (230,578)           | (166,115)           |
| Net change in total OPEB liability                                  | 1,598,343                      | 733,991              | 2,085,970           | (93,911)            |
| Total OPEB liability - beginning                                    | 10,102,951                     | 9,368,960            | 7,282,990           | 7,376,901           |
| Total OPEB liability - ending                                       | <u>\$ 11,701,294</u>           | <u>\$ 10,102,951</u> | <u>\$ 9,368,960</u> | <u>\$ 7,282,990</u> |
| Covered employee payroll  | \$ 13,197,257                  | \$ 12,617,153        | \$ 12,617,153       | \$ 11,532,764       |
| Total OPEB liability as a percentage<br>of covered employee payroll | 88.66%                         | 80.07%               | 74.26%              | 63.15%              |

**Notes to the Required Schedules:**

*Changes of Assumptions:* Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

| Fiscal Year | Rate  |
|-------------|-------|
| 2021        | 2.21% |
| 2020        | 3.50% |
| 2019        | 3.89% |
| 2018        | 3.56% |

Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2027.

**CITY OF THOMASVILLE, NORTH CAROLINA**

**CITY OF THOMASVILLE'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS\***

|  | <b>Local Government Employees' Retirement System</b> |               |               |               |
|--|--|---------------|---------------|---------------|
|  | <b>2021</b>  | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   |
| City's proportion of the net pension liability (asset) (%)   | 0.18653%   | 0.19161%      | 0.19322%      | 0.19549%      |
| City's proportion of the net pension liability (asset) (\$)  | \$ 6,665,512   | \$ 5,232,720  | \$ 4,583,838  | \$ 2,986,545  |
| City's covered payroll   | \$ 13,893,378  | \$ 13,520,908 | \$ 12,908,313 | \$ 12,481,074 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 47.98%   | 38.70%        | 35.51%        | 23.93%        |
| Plan fiduciary net position as a percentage of the total pension liability**                           | 88.61%   | 90.86%        | 91.63%        | 94.18%        |

\*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.

Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2023.

**CITY OF THOMASVILLE, NORTH CAROLINA**

**CITY OF THOMASVILLE'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS\***

|  | <b>Local Government Employees' Retirement System</b> |               |                |               |
|--|--|---------------|----------------|---------------|
|  | <b>2017</b>  | <b>2016</b>   | <b>2015</b>    | <b>2014</b>   |
| City's proportion of the net pension liability (asset) (%)   | 0.19443%   | 0.20665%      | 0.22027%       | 0.22390%      |
| City's proportion of the net pension liability (asset) (\$)  | \$ 4,126,454   | \$ 927,431    | \$ (1,299,035) | \$ 2,698,855  |
| City's covered payroll   | \$ 12,019,822  | \$ 11,492,069 | \$ 11,566,597  | \$ 11,056,772 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 34.33%   | 8.07%         | ( 11.23%)      | 24.41%        |
| Plan fiduciary net position as a percentage of the total pension liability**                           | 91.47%   | 98.09%        | 102.64%        | 94.35%        |

## CITY OF THOMASVILLE, NORTH CAROLINA

CITY OF THOMASVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS

| <b>Local Government Employees' Retirement System</b>                     |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>2021</b>      | <b>2020</b>      | <b>2019</b>      | <b>2018</b>      |
| Contractually required contribution                                      | \$ 1,493,369     | \$ 1,279,215     | \$ 1,084,367     | \$ 1,002,354     |
| Contributions in relation to the<br>contractually required contributions | <u>1,493,369</u> | <u>1,279,215</u> | <u>1,084,367</u> | <u>1,002,354</u> |
| Contribution deficiency (excess)   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| City of Thomasville's covered payroll                                    | \$ 14,370,980    | \$ 13,893,378    | \$ 13,520,908    | \$ 12,908,313    |
| Contributions as a percentage of<br>covered payroll                      | 10.39%           | 9.21%            | 8.02%            | 7.77%            |

Information is not required to be presented retroactively. This schedule will not present 10 years' worth of information until fiscal year 2023.



**CITY OF THOMASVILLE, NORTH CAROLINA**

**CITY OF THOMASVILLE'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

| <b>Local Government Employees' Retirement System</b>                     |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | <b>2017</b>    | <b>2016</b>    | <b>2015</b>    | <b>2014</b>    |
| Contractually required contribution                                      | \$ 939,207     | \$ 826,217     | \$ 825,904     | \$ 824,112     |
| Contributions in relation to the<br>contractually required contributions | <u>939,207</u> | <u>826,217</u> | <u>825,904</u> | <u>824,112</u> |
| Contribution deficiency (excess)   | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| City of Thomasville's covered payroll                                    | \$ 12,481,074  | \$ 12,019,822  | \$ 11,492,069  | \$ 11,566,597  |
| Contributions as a percentage of<br>covered payroll                      | 7.53%          | 6.87%          | 7.19%          | 7.12%          |

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2021

|   | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|---|-------------------|-------------------|--------------------------------|
| <b>Revenues:</b>                                |                   |                   |                                |
| <b>Ad Valorem Taxes:</b>                        |                   |                   |                                |
| Current year - property                         | \$ 10,881,752     | \$ 11,385,635     | \$ 503,883                     |
| Prior years - property                          | 450,000           | 333,590           | (116,410)                      |
| Penalties and interest                          | 175,000           | 121,942           | (53,058)                       |
| Total   | <u>11,506,752</u> | <u>11,841,167</u> | <u>334,415</u>                 |
| <b>Other Taxes and Licenses:</b>                |                   |                   |                                |
| Local option sales tax                          | 6,640,352         | 7,999,387         | 1,359,035                      |
| Video programming                               | -                 | 178,503           | 178,503                        |
| Business privilege license                      | 16,000            | 19,344            | 3,344                          |
| Solid waste disposal tax                        | 55,772            | 20,201            | (35,571)                       |
| Occupancy tax                                   | 150,000           | 151,305           | 1,305                          |
| Total   | <u>6,862,124</u>  | <u>8,368,740</u>  | <u>1,506,616</u>               |
| <b>Unrestricted Intergovernmental Revenues:</b> |                   |                   |                                |
| Telecommunications sales tax                    | -                 | 99,913            | 99,913                         |
| Piped natural gas tax                           | -                 | 54,919            | 54,919                         |
| Franchise tax                                   | 1,978,972         | 1,434,473         | (544,499)                      |
| Beer and wine tax                               | 125,000           | 113,548           | (11,452)                       |
| Payments in lieu of taxes                       | 30,000            | 27,533            | (2,467)                        |
| ABC distributions                               | 200,000           | 385,000           | 185,000                        |
| On-behalf payments:                             |                   |                   |                                |
| Fire and rescue                                 | 25,000            | 14,989            | (10,011)                       |
| Total   | <u>2,358,972</u>  | <u>2,130,375</u>  | <u>(228,597)</u>               |
| <b>Restricted Intergovernmental Revenues:</b>   |                   |                   |                                |
| Powell Bill                                     | 688,276           | 653,049           | (35,227)                       |
| ABC distribution                                | 10,000            | 25,437            | 15,437                         |
| State grant                                     | 13,890            | 2,978             | (10,912)                       |
| CARES act                                       | -                 | 7,911             | 7,911                          |
| Total   | <u>712,166</u>    | <u>689,375</u>    | <u>(22,791)</u>                |
| <b>Permits and Fees:</b>                        |                   |                   |                                |
| Building permits and inspection fees            | 320,932           | 410,162           | 89,230                         |
| Total   | <u>320,932</u>    | <u>410,162</u>    | <u>89,230</u>                  |

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

|   | Budget     | Actual     | Variance<br>Over/Under |
|---|------------|------------|------------------------|
| <b>Sales and Services:</b>                |            |            |                        |
| Court costs and fines                     | 10,000     | 1,465      | (8,535)                |
| Recreation revenues                       | 339,300    | 241,561    | (97,739)               |
| Disposal fees                             | 838,555    | 831,736    | (6,819)                |
| Total                                     | 1,187,855  | 1,074,762  | (113,093)              |
| <b>Contributions</b>                      | 174,191    | 100,624    | (73,567)               |
| <b>Investment Earnings</b>                | 50,000     | 77,772     | 27,772                 |
| <b>Miscellaneous</b>                      | 409,559    | 243,633    | (165,926)              |
| Total revenues                            | 23,582,551 | 24,936,610 | 1,354,059              |
| <b>Expenditures:</b>                      |            |            |                        |
| <b>General Government:</b>                |            |            |                        |
| <b>Mayor and Council:</b>                 |            |            |                        |
| Salaries and employee benefits            |            | 81,116     |                        |
| Operating expenditures                    |            | 265,424    |                        |
| Payment to Thomasville Tourism Commission |            | 166,058    |                        |
| Reimbursement from other funds            |            | (54,022)   |                        |
| Total                                     | 480,512    | 458,576    | 21,936                 |
| <b>Administration:</b>                    |            |            |                        |
| Salaries and employee benefits            |            | 435,904    |                        |
| Operating expenditures                    |            | 53,722     |                        |
| Reimbursement from other funds            |            | (190,345)  |                        |
| Total                                     | 435,626    | 299,281    | 136,345                |
| <b>Personnel:</b>                         |            |            |                        |
| Salaries and employee benefits            |            | 262,210    |                        |
| Operating expenditures                    |            | 40,349     |                        |
| Reimbursement from other funds            |            | (98,625)   |                        |
| Total                                     | 230,246    | 203,934    | 26,312                 |
| <b>City Hall:</b>                         |            |            |                        |
| Salaries and employee benefits            |            | 55,911     |                        |
| Operating expenditures                    |            | 119,415    |                        |
| Reimbursement from other funds            |            | (70,657)   |                        |
| Total                                     | 164,953    | 104,669    | 60,284                 |

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2021

|                                | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|--------------------------------|------------------|------------------|--------------------------------|
| <b>Finance:</b>                |                  |                  |                                |
| Salaries and employee benefits |                  | 554,953          |                                |
| Operating expenditures         |                  | 77,871           |                                |
| Reimbursement from other funds |                  | (195,101)        |                                |
| Total                          | <u>455,478</u>   | <u>437,723</u>   | <u>17,755</u>                  |
| <b>MIS:</b>                    |                  |                  |                                |
| Salaries and employee benefits |                  | 172,532          |                                |
| Operating expenditures         |                  | 289,609          |                                |
| Reimbursement from other funds |                  | (148,040)        |                                |
| Total                          | <u>345,610</u>   | <u>314,101</u>   | <u>31,509</u>                  |
| <b>Legal:</b>                  |                  |                  |                                |
| Salaries and employee benefits |                  | 171,907          |                                |
| Operating expenditures         |                  | 3,473            |                                |
| Reimbursement from other funds |                  | (54,467)         |                                |
| Total                          | <u>127,156</u>   | <u>120,913</u>   | <u>6,243</u>                   |
| <b>Tax Collection:</b>         |                  |                  |                                |
| Contract services              | <u>152,500</u>   | <u>150,981</u>   | <u>1,519</u>                   |
| Total                          | <u>152,500</u>   | <u>150,981</u>   | <u>1,519</u>                   |
| Total general government       | <u>2,392,081</u> | <u>2,090,178</u> | <u>301,903</u>                 |
| <b>Public Works:</b>           |                  |                  |                                |
| <b>Building:</b>               |                  |                  |                                |
| Salaries and employee benefits |                  | 181,147          |                                |
| Operating expenditures         |                  | 58,538           |                                |
| Total                          | <u>256,857</u>   | <u>239,685</u>   | <u>17,172</u>                  |
| <b>Engineering:</b>            |                  |                  |                                |
| Salaries and employee benefits |                  | 288,584          |                                |
| Operating expenditures         |                  | 19,007           |                                |
| Reimbursement from other funds |                  | (98,732)         |                                |
| Total                          | <u>230,498</u>   | <u>208,859</u>   | <u>21,639</u>                  |

CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

|                                | Budget    | Actual    | Variance<br>Over/Under |
|--------------------------------|-----------|-----------|------------------------|
| <b>Streets and Highways:</b>   |           |           |                        |
| Salaries and employee benefits |           | 888,444   |                        |
| Street lighting                |           | 395,267   |                        |
| Operating expenditures         |           | 173,671   |                        |
| Capital outlay                 |           | 154,600   |                        |
| Total                          | 1,773,416 | 1,611,982 | 161,434                |
| <b>Powell Bill:</b>            |           |           |                        |
| Salaries and employee benefits |           | 104,360   |                        |
| Operating expenditures         |           | 63,973    |                        |
| Total                          | 688,276   | 168,333   | 519,943                |
| <b>Fleet Services:</b>         |           |           |                        |
| Salaries and employee benefits |           | 269,665   |                        |
| Operating expenditures         |           | 51,032    |                        |
| Reimbursement from other funds |           | (102,908) |                        |
| Total                          | 236,153   | 217,789   | 18,364                 |
| <b>Solid Waste:</b>            |           |           |                        |
| Salaries and employee benefits |           | 1,409,724 |                        |
| Operating expenditures         |           | 1,050,699 |                        |
| Total                          | 2,550,509 | 2,460,423 | 90,086                 |
| Total public works             | 5,735,709 | 4,907,071 | 828,638                |
| <b>Public Safety:</b>          |           |           |                        |
| <b>Police Department:</b>      |           |           |                        |
| Salaries and employee benefits |           | 5,634,833 |                        |
| Operating expenditures         |           | 1,136,001 |                        |
| Capital outlay                 |           | 50,848    |                        |
| Total                          | 7,215,578 | 6,821,682 | 393,896                |
| <b>Fire Department:</b>        |           |           |                        |
| Salaries and employee benefits |           | 4,265,407 |                        |
| Operating expenditures         |           | 692,518   |                        |
| Capital outlay                 |           | 1,070,191 |                        |
| Total                          | 6,300,367 | 6,028,116 | 272,251                |

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

|                                 | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|---------------------------------|-------------------|-------------------|--------------------------------|
| <b>Inspection:</b>              |                   |                   |                                |
| Salaries and employee benefits  |                   | 388,238           |                                |
| Operating expenditures          |                   | 55,168            |                                |
| Reimbursement from other funds  |                   | (169,717)         |                                |
| Total                           | <u>390,739</u>    | <u>273,689</u>    | <u>117,050</u>                 |
| <b>Radio Service:</b>           |                   |                   |                                |
| Operating expenditures          |                   | 163,517           |                                |
| Capital outlay                  |                   | 110,043           |                                |
| Reimbursement from other funds  |                   | (76,368)          |                                |
| Total                           | <u>267,939</u>    | <u>197,192</u>    | <u>70,747</u>                  |
| <b>Planning and Zoning:</b>     |                   |                   |                                |
| Salaries and employee benefits  |                   | 96,611            |                                |
| Operating expenditures          |                   | 14,633            |                                |
| Total                           | <u>128,070</u>    | <u>111,244</u>    | <u>16,826</u>                  |
| Total public safety             | <u>14,302,693</u> | <u>13,431,923</u> | <u>870,770</u>                 |
| <b>Cultural and Recreation:</b> |                   |                   |                                |
| <b>Administration:</b>          |                   |                   |                                |
| Salaries and employee benefits  |                   | 182,076           |                                |
| Operating expenditures          |                   | 17,952            |                                |
| Total                           | <u>209,900</u>    | <u>200,028</u>    | <u>9,872</u>                   |
| <b>Organized Programs:</b>      |                   |                   |                                |
| Salaries and employee benefits  |                   | 243,236           |                                |
| Operating expenditures          |                   | 47,785            |                                |
| Total                           | <u>419,499</u>    | <u>291,021</u>    | <u>128,478</u>                 |
| <b>Areas and Facilities:</b>    |                   |                   |                                |
| Salaries and employee benefits  |                   | 170,238           |                                |
| Operating expenditures          |                   | 430,259           |                                |
| Total                           | <u>1,405,334</u>  | <u>600,497</u>    | <u>804,837</u>                 |
| Total cultural and recreation   | <u>2,034,733</u>  | <u>1,091,546</u>  | <u>943,187</u>                 |

## CITY OF THOMASVILLE, NORTH CAROLINA

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

|   | <u>Budget</u>      | <u>Actual</u>               | <u>Variance<br/>Over/Under</u> |
|---|--------------------|-----------------------------|--------------------------------|
| <b>Debt Service:</b>                    |                    |                             |                                |
| Principal retirement                    |                    | 1,607,281                   |                                |
| Interest and fees                       |                    | 562,062                     |                                |
| Total debt service                      | <u>2,226,021</u>   | <u>2,169,343</u>            | <u>56,678</u>                  |
| Miscellaneous expenditures              | <u>201,234</u>     | <u>9,406</u>                | <u>191,828</u>                 |
| Total expenditures                      | <u>26,892,471</u>  | <u>23,699,467</u>           | <u>3,193,004</u>               |
| Revenues over (under) expenditures      | <u>(3,309,920)</u> | <u>1,237,143</u>            | <u>4,547,063</u>               |
| <b>Other Financing Sources (Uses):</b>  |                    |                             |                                |
| Installment financing                   | 216,551            | -                           | (216,551)                      |
| Transfers to:                           |                    |                             |                                |
| Police Restitution and Forfeitures Fund | (10,000)           | (10,000)                    | -                              |
| Cemetery Fund                           | (10,000)           | (10,000)                    | -                              |
| Community Development Block Grant Fund  | (23,750)           | (23,750)                    | -                              |
| Golf Course Enterprise Fund             | (253,042)          | (253,042)                   | -                              |
| Beautification Fund                     | (39,343)           | (30,393)                    | 8,950                          |
| Appropriated fund balance               | <u>3,429,504</u>   | <u>-</u>                    | <u>(3,429,504)</u>             |
| Total other financing sources (uses)    | <u>3,309,920</u>   | <u>(327,185)</u>            | <u>(3,637,105)</u>             |
| Net change in fund balance              | <u>\$ -</u>        | <u>909,958</u>              | <u>\$ 909,958</u>              |
| <b>Fund Balance:</b>                    |                    |                             |                                |
| Beginning of year - July 1              |                    | <u>13,941,744</u>           |                                |
| End of year - June 30                   |                    | <u><u>\$ 14,851,702</u></u> |                                |

## CITY OF THOMASVILLE, NORTH CAROLINA

GENERAL CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

|  |                          | Actual         |                 |                  |                        |
|--|--------------------------|----------------|-----------------|------------------|------------------------|
|  | Project<br>Authorization | Prior<br>Years | Current<br>Year | Total<br>to Date | Variance<br>Over/Under |
| <b>Revenues:</b>                                     |                          |                |                 |                  |                        |
| Restricted intergovernmental                         | \$ 851,776               | \$ 114,546     | \$ 719,596      | \$ 834,142       | \$ (17,634)            |
| Investment earnings                                  | -                        | 202,527        | 37              | 202,564          | 202,564                |
| Sales tax refund                                     | -                        | 160,397        | 287             | 160,684          | 160,684                |
| Total revenues                                       | 851,776                  | 477,470        | 719,920         | 1,197,390        | 345,614                |
| <b>Expenditures:</b>                                 |                          |                |                 |                  |                        |
| <b>Public Safety:</b>                                |                          |                |                 |                  |                        |
| <b>Police Headquarters:</b>                          |                          |                |                 |                  |                        |
| Operating expenditures                               | 14,151,065               | 13,643,286     | 143,359         | 13,786,645       | 364,420                |
| <b>FEMA Assistance to Firefighters:</b>              |                          |                |                 |                  |                        |
| Equipment  | 126,000                  | 125,000        | -               | 125,000          | 1,000                  |
| <b>Cares Act:</b>                                    |                          |                |                 |                  |                        |
| Salaries and benefits                                | 221,217                  | -              | 221,217         | 221,217          | -                      |
| Operating expenditures                               | 429,514                  | -              | 429,379         | 429,379          | 135                    |
| Payments to other organizations                      | 69,000                   | -              | 69,000          | 69,000           | -                      |
| Total Cares Act expenditures                         | 719,731                  | -              | 719,596         | 719,596          | 135                    |
| Total expenditures                                   | 14,996,796               | 13,768,286     | 862,955         | 14,631,241       | 365,555                |
| Revenues over (under) expenditures                   | (14,145,020)             | (13,290,816)   | (143,035)       | (13,433,851)     | 711,169                |
| <b>Other Financing Sources (Uses):</b>               |                          |                |                 |                  |                        |
| Installment financing                                | 270,000                  | 270,000        | -               | 270,000          | -                      |
| Limited obligation bonds                             | 11,100,000               | 11,100,000     | -               | 11,100,000       | -                      |
| Bond premium   | 872,341                  | 872,341        | -               | 872,341          | -                      |
| Transfers from General Fund                          | 1,384,379                | 1,732,925      | -               | 1,732,925        | 348,546                |
| Transfers from Police Restitution & Forfeitures Fund | 290,000                  | 290,000        | -               | 290,000          | -                      |
| Appropriated fund balance                            | 228,300                  | -              | -               | -                | (228,300)              |
| Total other financing sources (uses)                 | 14,145,020               | 14,265,266     | -               | 14,265,266       | 120,246                |
| Net change in fund balance                           | \$ -                     | \$ 974,450     | \$ (143,035)    | \$ 831,415       | \$ 831,415             |



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CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

|   | Nonmajor Special Revenue Funds    |  |                     |                  |
|---|-----------------------------------|--|---------------------|------------------|
|   | City School<br>Supplement<br>Fund | Police<br>Restitution and<br>Forfeitures<br>Fund | Stormwater<br>Fund  | Cemetery<br>Fund |
| <b>Assets:</b>  |                                   |  |                     |                  |
| Cash and cash equivalents   | \$ -                              | \$ 227,474                                       | \$ 1,343,191        | \$ 69,373        |
| Restricted cash   | -                                 | -  | -                   | 7,945            |
| Taxes receivable, net   | 106,743                           | -  | -                   | -                |
| Accounts receivable, net  | -                                 | -  | 14,089              | -                |
| Due from other funds  | 24,218                            | -  | -                   | -                |
| Total assets  | <u>\$ 130,961</u>                 | <u>\$ 227,474</u>                                | <u>\$ 1,357,280</u> | <u>\$ 77,318</u> |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>         |                                   |  |                     |                  |
| <b>Liabilities:</b>   |                                   |  |                     |                  |
| Accrued expenses  | \$ 24,218                         | \$ -   | \$ -                | \$ 150           |
| Due to other funds  | -                                 | -  | -                   | -                |
| Liabilities to be paid from restricted assets:                                    |                                   |  |                     |                  |
| Deposits  | -                                 | -  | -                   | 7,945            |
| Total liabilities   | <u>24,218</u>                     | <u>-</u>   | <u>-</u>            | <u>8,095</u>     |
| <b>Deferred Inflows of Resources:</b>   |                                   |  |                     |                  |
| Unavailable taxes   | <u>106,743</u>                    | <u>-</u>   | <u>-</u>            | <u>-</u>         |
| <b>Fund Balances:</b>   |                                   |  |                     |                  |
| Restricted:   |                                   |  |                     |                  |
| Stabilization by state statute  | 24,218                            | 52,471   | 25,336              | 8,413            |
| Restricted, all other   | -                                 | 175,003  | -                   | -                |
| Assigned  | -                                 | -  | 1,331,944           | 60,810           |
| Unassigned  | (24,218)                          | -  | -                   | -                |
| Total fund balances   | <u>-</u>                          | <u>227,474</u>                                   | <u>1,357,280</u>    | <u>69,223</u>    |
| Total liabilities, deferred inflows of resources,<br>resources, and fund balances | <u>\$ 130,961</u>                 | <u>\$ 227,474</u>                                | <u>\$ 1,357,280</u> | <u>\$ 77,318</u> |

CITY OF THOMASVILLE, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021

|   | Nonmajor Special Revenue Funds |                                |   | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--------------------------------|--------------------------------|---|--|
|   | Beautification<br>Fund         | Public<br>Safety Grant<br>Fund | Community<br>Development<br>Block Grant<br>Fund |  |
| <b>Assets:</b>  |                                |                                |   |  |
| Cash and cash equivalents   | \$ 23,117                      | \$ -                           | \$ -  | \$ 1,663,155                               |
| Restricted cash   | -                              | -                              | -   | 7,945                                      |
| Taxes receivable, net   | -                              | -                              | -   | 106,743                                    |
| Accounts receivable, net  | -                              | 5,211                          | -   | 19,300                                     |
| Due from other funds  | -                              | -                              | -   | 24,218                                     |
| Total assets  | <u>\$ 23,117</u>               | <u>\$ 5,211</u>                | <u>\$ -</u>                                     | <u>\$ 1,821,361</u>                        |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b>         |                                |                                |   |  |
| <b>Liabilities:</b>   |                                |                                |   |  |
| Accrued expenses  | \$ 21                          | \$ -                           | \$ -  | \$ 24,389                                  |
| Due to other funds  | -                              | 5,211                          | 1,750   | 6,961                                      |
| Liabilities to be paid from restricted assets:                                    |                                |                                |   |  |
| Deposits  | -                              | -                              | -   | 7,945                                      |
| Total liabilities   | <u>21</u>                      | <u>5,211</u>                   | <u>1,750</u>                                    | <u>39,295</u>                              |
| <b>Deferred Inflows of Resources:</b>   |                                |                                |   |  |
| Unavailable taxes   | -                              | -                              | -   | 106,743                                    |
| <b>Fund Balances:</b>   |                                |                                |   |  |
| Restricted:   |                                |                                |   |  |
| Stabilization by state statute  | 7,600                          | 37,380                         | 117,750   | 273,168                                    |
| Restricted, all other   | -                              | -                              | -   | 175,003                                    |
| Assigned  | 15,496                         | -                              | -   | 1,408,250                                  |
| Unassigned  | -                              | (37,380)                       | (119,500)                                       | (181,098)                                  |
| Total fund balances   | <u>23,096</u>                  | <u>-</u>                       | <u>(1,750)</u>                                  | <u>1,675,323</u>                           |
| Total liabilities, deferred inflows of resources,<br>resources, and fund balances | <u>\$ 23,117</u>               | <u>\$ 5,211</u>                | <u>\$ -</u>                                     | <u>\$ 1,821,361</u>                        |

## CITY OF THOMASVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <b>Nonmajor Special Revenue Funds</b>      |  |                            |                          |
|--|--|--|----------------------------|--------------------------|
|  | <b>City School<br/>Supplement<br/>Fund</b> | <b>Police<br/>Restitution and<br/>Forfeitures<br/>Fund</b> | <b>Stormwater<br/>Fund</b> | <b>Cemetery<br/>Fund</b> |
| <b>Revenues:</b>                       |  |  |                            |                          |
| Ad valorem taxes                       | \$ 1,613,198                               | \$ -   | \$ -                       | \$ -                     |
| Restricted intergovernmental           | -  | 79,717   | -                          | -                        |
| Permits and fees                       | -  | -  | 141,879                    | -                        |
| Contributions                          | -  | -  | -                          | 2,224                    |
| Investment earnings                    | -  | 463  | 2,623                      | -                        |
| Miscellaneous revenue                  | -  | 1,660  | -                          | -                        |
| Total revenues                         | <u>1,613,198</u>                           | <u>81,840</u>  | <u>144,502</u>             | <u>2,224</u>             |
| <b>Expenditures:</b>                   |  |  |                            |                          |
| Current:                               |  |  |                            |                          |
| General government                     | 1,613,198                                  | -  | 45,752                     | 12,161                   |
| Public safety                          | -  | 61,264   | -                          | -                        |
| Economic and physical development      | -  | -  | -                          | -                        |
| Total expenditures                     | <u>1,613,198</u>                           | <u>61,264</u>  | <u>45,752</u>              | <u>12,161</u>            |
| Revenues over (under) expenditures     | -  | 20,576   | 98,750                     | (9,937)                  |
| <b>Other Financing Sources (Uses):</b> |  |  |                            |                          |
| Transfers from General Fund            | -  | 10,000   | -                          | 10,000                   |
| Total other financing sources (uses)   | <u>-</u>                                   | <u>10,000</u>  | <u>-</u>                   | <u>10,000</u>            |
| Net change in fund balances            | -  | 30,576   | 98,750                     | 63                       |
| <b>Fund Balances:</b>                  |  |  |                            |                          |
| Beginning of year - July 1             | <u>-</u>                                   | <u>196,898</u>   | <u>1,258,530</u>           | <u>69,160</u>            |
| End of year - June 30                  | <u>\$ -</u>                                | <u>\$ 227,474</u>  | <u>\$ 1,357,280</u>        | <u>\$ 69,223</u>         |

## CITY OF THOMASVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <b>Nonmajor Special Revenue Funds</b> |   |   | <b>Total</b>                               |
|--|---------------------------------------|---|---|--|
|  | <b>Beautification<br/>Fund</b>        | <b>Public<br/>Safety Grant<br/>Fund</b> | <b>Community<br/>Development<br/>Block Grant<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> |
| <b>Revenues:</b>                       |                                       |   |   |  |
| Ad valorem taxes                       | \$ -                                  | \$ -                                    | \$ -  | \$ 1,613,198                               |
| Restricted intergovernmental           | -                                     | 26,467                                  | 542,250   | 648,434                                    |
| Permits and fees                       | -                                     | -                                       | -   | 141,879                                    |
| Contributions                          | 50                                    | -                                       | -   | 2,274                                      |
| Investment earnings                    | 70                                    | -                                       | -   | 3,156                                      |
| Miscellaneous revenue                  | -                                     | -                                       | -   | 1,660                                      |
| Total revenues                         | <u>120</u>                            | <u>26,467</u>                           | <u>542,250</u>  | <u>2,410,601</u>                           |
| <b>Expenditures:</b>                   |                                       |   |   |  |
| Current:                               |                                       |   |   |  |
| General government                     | 18,471                                | -                                       | -   | 1,689,582                                  |
| Public safety                          | -                                     | 26,467                                  | -   | 87,731                                     |
| Economic and physical development      | -                                     | -                                       | 567,750   | 567,750                                    |
| Total expenditures                     | <u>18,471</u>                         | <u>26,467</u>                           | <u>567,750</u>  | <u>2,345,063</u>                           |
| Revenues over (under) expenditures     | (18,351)                              | -                                       | (25,500)  | 65,538                                     |
| <b>Other Financing Sources (Uses):</b> |                                       |   |   |  |
| Transfers from General Fund            | <u>30,393</u>                         | -                                       | <u>23,750</u>   | <u>74,143</u>                              |
| Total other financing sources (uses)   | <u>30,393</u>                         | -                                       | <u>23,750</u>   | <u>74,143</u>                              |
| Net change in fund balances            | 12,042                                | -                                       | (1,750)   | 139,681                                    |
| <b>Fund Balances:</b>                  |                                       |   |   |  |
| Beginning of year - July 1             | <u>11,054</u>                         | -                                       | -   | <u>1,535,642</u>                           |
| End of year - June 30                  | <u>\$ 23,096</u>                      | <u>\$ -</u>                             | <u>\$ (1,750)</u>   | <u>\$ 1,675,323</u>                        |

## CITY OF THOMASVILLE, NORTH CAROLINA

**CITY SCHOOL SUPPLEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                            | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|----------------------------|------------------|------------------|--------------------------------|
| <b>Revenues:</b>           |                  |                  |                                |
| <b>Ad Valorem Taxes:</b>   |                  |                  |                                |
| Current year - property    | \$ 1,584,428     | \$ 1,567,746     | \$ (16,682)                    |
| Prior years - property     | 52,000           | 45,452           | (6,548)                        |
| Total revenues             | <u>1,636,428</u> | <u>1,613,198</u> | <u>(23,230)</u>                |
| <b>Expenditures:</b>       |                  |                  |                                |
| <b>General Government:</b> |                  |                  |                                |
| Operating expenditures     | <u>1,636,428</u> | <u>1,613,198</u> | <u>23,230</u>                  |
| Net change in fund balance | <u>\$ -</u>      | <u>-</u>         | <u>\$ -</u>                    |
| <b>Fund Balance:</b>       |                  |                  |                                |
| Beginning of year - July 1 |                  | <u>-</u>         |                                |
| End of year - June 30      |                  | <u>\$ -</u>      |                                |

## CITY OF THOMASVILLE, NORTH CAROLINA

**POLICE RESTITUTION AND FORFEITURES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <u>Budget</u>   | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|--|-----------------|-------------------|--------------------------------|
| <b>Revenues:</b>                       |                 |                   |                                |
| <b>Restricted Intergovernmental:</b>   |                 |                   |                                |
| Forfeitures and restitution            | \$ 54,075       | \$ 52,110         | \$ (1,965)                     |
| Controlled substance tax               | 15,400          | 27,607            | 12,207                         |
| Miscellaneous revenue                  | -               | 1,660             | 1,660                          |
| Investment earnings                    | -               | 463               | 463                            |
| Total revenues                         | <u>69,475</u>   | <u>81,840</u>     | <u>12,365</u>                  |
| <b>Expenditures:</b>                   |                 |                   |                                |
| <b>Current:</b>                        |                 |                   |                                |
| <b>Public Safety:</b>                  |                 |                   |                                |
| Current operating                      | <u>139,587</u>  | <u>61,264</u>     | <u>78,323</u>                  |
| Revenues over (under) expenditures     | <u>(70,112)</u> | <u>20,576</u>     | <u>90,688</u>                  |
| <b>Other Financing Sources (Uses):</b> |                 |                   |                                |
| Appropriated fund balance              | 60,112          | -                 | (60,112)                       |
| Transfer from General Fund             | <u>10,000</u>   | <u>10,000</u>     | <u>-</u>                       |
| Total other financing sources (uses)   | <u>70,112</u>   | <u>10,000</u>     | <u>(60,112)</u>                |
| Net change in fund balance             | <u>\$ -</u>     | <u>30,576</u>     | <u>\$ 30,576</u>               |
| <b>Fund Balance:</b>                   |                 |                   |                                |
| Beginning of year - July 1             |                 | <u>196,898</u>    |                                |
| End of year - June 30                  |                 | <u>\$ 227,474</u> |                                |

## CITY OF THOMASVILLE, NORTH CAROLINA

**STORMWATER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <u>Budget</u>  | <u>Actual</u>       | <u>Variance<br/>Over/Under</u> |
|--|----------------|---------------------|--------------------------------|
| <b>Revenues:</b>                       |                |                     |                                |
| Stormwater fees                        | \$ 103,380     | \$ 141,879          | \$ 38,499                      |
| Investment earnings                    | -              | 2,623               | 2,623                          |
| Total revenues                         | <u>103,380</u> | <u>144,502</u>      | <u>41,122</u>                  |
| <b>Expenditures:</b>                   |                |                     |                                |
| <b>Current:</b>                        |                |                     |                                |
| <b>General Government:</b>             |                |                     |                                |
| Current operating                      | <u>114,627</u> | <u>45,752</u>       | <u>68,875</u>                  |
| Revenues over (under) expenditures     | (11,247)       | 98,750              | 109,997                        |
| <b>Other Financing Sources (Uses):</b> |                |                     |                                |
| Appropriated fund balance              | <u>11,247</u>  | <u>-</u>            | <u>(11,247)</u>                |
| Net change in fund balance             | <u>\$ -</u>    | 98,750              | <u>\$ 98,750</u>               |
| <b>Fund Balance:</b>                   |                |                     |                                |
| Beginning of year - July 1             |                | <u>1,258,530</u>    |                                |
| End of year - June 30                  |                | <u>\$ 1,357,280</u> |                                |



## CITY OF THOMASVILLE, NORTH CAROLINA

## CEMETERY FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2021

|  | <u>Budget</u>   | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|--|-----------------|------------------|--------------------------------|
| <b>Revenues:</b>                       |                 |                  |                                |
| Contributions                          | \$ 2,344        | \$ 2,224         | \$ (120)                       |
| <b>Expenditures:</b>                   |                 |                  |                                |
| <b>Current:</b>                        |                 |                  |                                |
| <b>General Government:</b>             |                 |                  |                                |
| Current operating                      | 19,194          | 12,161           | 7,033                          |
| Capital outlay                         | 6,881           | -                | 6,881                          |
| Total expenditures                     | <u>26,075</u>   | <u>12,161</u>    | <u>13,914</u>                  |
| Revenues over (under) expenditures     | <u>(23,731)</u> | <u>(9,937)</u>   | <u>13,794</u>                  |
| <b>Other Financing Sources (Uses):</b> |                 |                  |                                |
| Appropriated fund balance              | 13,731          | -                | (13,731)                       |
| Transfer from General Fund             | <u>10,000</u>   | <u>10,000</u>    | <u>-</u>                       |
| Total other financing sources (uses)   | <u>23,731</u>   | <u>10,000</u>    | <u>(13,731)</u>                |
| Net change in fund balance             | <u>\$ -</u>     | 63               | <u>\$ 63</u>                   |
| <b>Fund Balance:</b>                   |                 |                  |                                |
| Beginning of year - July 1             |                 | <u>69,160</u>    |                                |
| End of year - June 30                  |                 | <u>\$ 69,223</u> |                                |

## CITY OF THOMASVILLE, NORTH CAROLINA

## BEAUTIFICATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2021

|  | <u>Budget</u>   | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|--|-----------------|------------------|--------------------------------|
| <b>Revenues:</b>                       |                 |                  |                                |
| Operating revenues:                    |                 |                  |                                |
| Contributions                          | \$ 6,480        | \$ 50            | \$ (6,430)                     |
| Non-operating revenues:                |                 |                  |                                |
| Investment earnings                    | 100             | 70               | (30)                           |
| Total revenues                         | <u>6,580</u>    | <u>120</u>       | <u>(6,460)</u>                 |
| <b>Expenditures:</b>                   |                 |                  |                                |
| Current operating:                     |                 |                  |                                |
| General government                     | <u>49,226</u>   | <u>18,471</u>    | <u>30,755</u>                  |
| Revenues over (under) expenditures     | <u>(42,646)</u> | <u>(18,351)</u>  | <u>24,295</u>                  |
| <b>Other Financing Sources (Uses):</b> |                 |                  |                                |
| Transfers in - General Fund            | 40,000          | 30,393           | (9,607)                        |
| Appropriated fund balance              | <u>2,646</u>    | <u>-</u>         | <u>(2,646)</u>                 |
| Total other financing sources (uses)   | <u>42,646</u>   | <u>30,393</u>    | <u>(12,253)</u>                |
| Net change in fund balance             | <u>\$ -</u>     | <u>12,042</u>    | <u>\$ 12,042</u>               |
| <b>Fund Balance:</b>                   |                 |                  |                                |
| Beginning of year - July 1             |                 | <u>11,054</u>    |                                |
| End of year - June 30                  |                 | <u>\$ 23,096</u> |                                |

## CITY OF THOMASVILLE, NORTH CAROLINA

**PUBLIC SAFETY GRANT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

|   |   | <b>Actual</b>                 |                                |                                 |
|---|---|-------------------------------|--------------------------------|---------------------------------|
|   | <b><u>Project<br/>Authorization</u></b> | <b><u>Prior<br/>Years</u></b> | <b><u>Current<br/>Year</u></b> | <b><u>Total<br/>to Date</u></b> |
| <b>Revenues:</b>                        |   |                               |                                |                                 |
| <b>Restricted Intergovernmental:</b>    |   |                               |                                |                                 |
| Justice Assistance Grant (15)           | \$ 10,221                               | \$ 22,751                     | \$ -                           | \$ 22,751                       |
| Justice Assistance Grant (12)           | -                                       | 5,136                         | -                              | 5,136                           |
| Justice Assistance Grant (20)           | 23,880                                  | -                             | -                              | -                               |
| Safer Schools Grant (19)                | <u>34,929</u>                           | <u>-</u>                      | <u>26,467</u>                  | <u>26,467</u>                   |
| Total revenues                          | <u>69,030</u>                           | <u>27,887</u>                 | <u>26,467</u>                  | <u>54,354</u>                   |
| <b>Expenditures:</b>                    |   |                               |                                |                                 |
| <b>Justice Assistance Grant (15):</b>   |   |                               |                                |                                 |
| Operations and maintenance              | <u>23,880</u>                           | <u>22,751</u>                 | <u>-</u>                       | <u>22,751</u>                   |
| <b>Justice Assistance Grant (12):</b>   |   |                               |                                |                                 |
| Equipment                               | <u>5,496</u>                            | <u>5,136</u>                  | <u>-</u>                       | <u>5,136</u>                    |
| <b>Governor's Highway Safety Grant:</b> |   |                               |                                |                                 |
| Payment to others                       | <u>4,725</u>                            | <u>-</u>                      | <u>-</u>                       | <u>-</u>                        |
| <b>Safer Schools Grant (19):</b>        |   |                               |                                |                                 |
| Supplies                                | <u>34,929</u>                           | <u>-</u>                      | <u>26,467</u>                  | <u>26,467</u>                   |
| Total expenditures                      | <u>69,030</u>                           | <u>27,887</u>                 | <u>26,467</u>                  | <u>54,354</u>                   |
| Net change in fund balance              | <u>\$ -</u>                             | <u>\$ -</u>                   | <u>\$ -</u>                    | <u>\$ -</u>                     |

## CITY OF THOMASVILLE, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

|  |                          | Actual         |                   |                   |                        |
|--|--------------------------|----------------|-------------------|-------------------|------------------------|
|  | Project<br>Authorization | Prior<br>Years | Current<br>Year   | Total<br>to Date  | Variance<br>Over/Under |
| <b>Revenues:</b>                       |                          |                |                   |                   |                        |
| <b>Restricted Intergovernmental:</b>   |                          |                |                   |                   |                        |
| Building Re-Use Grant 13-E-2601        | \$ 450,000               | \$ -           | \$ 32,250         | \$ 32,250         | \$ (417,750)           |
| Building Re-Use Grant Tractor Supply   | 25,000                   | -              | -                 | -                 | (25,000)               |
| Contribution                           | 25,500                   | -              | -                 | -                 | (25,500)               |
| Building Re-Use Grant Unilin           | 300,000                  | -              | 300,000           | 300,000           | -                      |
| Building Re-Use Grant Minnewawa        | 210,000                  | -              | 210,000           | 210,000           | -                      |
| Total revenues                         | <u>1,010,500</u>         | <u>-</u>       | <u>542,250</u>    | <u>542,250</u>    | <u>(468,250)</u>       |
| <b>Expenditures:</b>                   |                          |                |                   |                   |                        |
| <b>General Government:</b>             |                          |                |                   |                   |                        |
| <b>Building Re-Use Grant:</b>          |                          |                |                   |                   |                        |
| Operating expenditures Tractor Supply  | 26,250                   | -              | -                 | -                 | 26,250                 |
| Building Re-Use Grant Unilin           | 315,000                  | -              | 315,000           | 315,000           | -                      |
| Building Re-Use Grant Minnewawa        | 220,500                  | -              | 220,500           | 220,500           | -                      |
| Building Re-Use Grant 13-E-2601        | 472,500                  | -              | 32,250            | 32,250            | 440,250                |
| Total expenditures                     | <u>1,034,250</u>         | <u>-</u>       | <u>567,750</u>    | <u>567,750</u>    | <u>466,500</u>         |
| Revenues over (under) expenditures     | (23,750)                 | -              | (25,500)          | (25,500)          | (1,750)                |
| <b>Other Financing Sources (Uses):</b> |                          |                |                   |                   |                        |
| Transfers (to) from General Fund       | <u>23,750</u>            | <u>-</u>       | <u>23,750</u>     | <u>47,500</u>     | <u>23,750</u>          |
| Net change in fund balance             | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ (1,750)</u> | <u>\$ (1,750)</u> | <u>\$ (1,750)</u>      |

CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021

|  | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|--|---------------|---------------|--------------------------------|
| <b>Revenues:</b>                               |               |               |                                |
| <b>Operating Revenues:</b>                     |               |               |                                |
| <b>Charges for Services:</b>                   |               |               |                                |
| Water and sewer charges                        | \$ 11,578,259 | \$ 12,169,758 | \$ 591,499                     |
| <b>Connection Fees:</b>                        |               |               |                                |
| Water and sewer taps                           | 50,000        | 75,819        | 25,819                         |
| Reconnection fees                              | 120,000       | 118,108       | (1,892)                        |
| Total connection fees                          | 170,000       | 193,927       | 23,927                         |
| Total charges for services and connection fees | 11,748,259    | 12,363,685    | 615,426                        |
| <b>Restricted Intergovernmental:</b>           |               |               |                                |
| Other operating revenues                       | 548,885       | 496,578       | (52,307)                       |
| Total operating revenues                       | 12,297,144    | 12,860,263    | 563,119                        |
| Non-operating revenues:                        |               |               |                                |
| Miscellaneous                                  | 5,855         | 5,985         | 130                            |
| Interest earned on investments                 | 60,000        | 8,786         | (51,214)                       |
| Total non-operating revenues                   | 65,855        | 14,771        | (51,084)                       |
| Total revenues                                 | 12,362,999    | 12,875,034    | 512,035                        |
| <b>Expenditures:</b>                           |               |               |                                |
| <b>Administration:</b>                         |               |               |                                |
| Salaries and employee benefits                 | 127,228       | 118,962       | 8,266                          |
| Administrative fees                            | 13,028        | 13,028        | -                              |
| Other departmental expenditures                | 8,050         | 4,710         | 3,340                          |
| Total administration                           | 148,306       | 136,700       | 11,606                         |
| <b>Billing and Collection:</b>                 |               |               |                                |
| Salaries and employee benefits                 | 357,670       | 341,612       | 16,058                         |
| Telephone and postage                          | 55,400        | 51,347        | 4,053                          |
| Administrative fees                            | 48,190        | 48,190        | -                              |
| Contract services                              | 50,129        | 49,890        | 239                            |
| Other departmental expenditures                | 32,811        | 31,012        | 1,799                          |
| Total billing and collection                   | 544,200       | 522,051       | 22,149                         |
| <b>Meter Service:</b>                          |               |               |                                |
| Salaries and employee benefits                 | 213,895       | 212,529       | 1,366                          |
| Supplies                                       | 3,411         | 1,636         | 1,775                          |
| Administrative fees                            | 23,916        | 23,916        | -                              |
| Other departmental expenditures                | 29,163        | 19,944        | 9,219                          |
| Total meter service                            | 270,385       | 258,025       | 12,360                         |

**CITY OF THOMASVILLE, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021**

|                                      | <b>Budget</b>      | <b>Actual</b>     | <b>Variance<br/>Over/Under</b> |
|--------------------------------------|--------------------|-------------------|--------------------------------|
| <b>Water Treatment Plant:</b>        |                    |                   |                                |
| Salaries and employee benefits       | 656,281            | 552,055           | 104,226                        |
| Utilities                            | 172,200            | 130,533           | 41,667                         |
| Supplies and maintenance materials   | 374,973            | 352,323           | 22,650                         |
| Repairs and maintenance              | 245,150            | 110,488           | 134,662                        |
| Administrative fees                  | 303,835            | 303,835           | -                              |
| Other departmental expenditures      | 196,936            | 59,649            | 137,287                        |
| Capital outlay                       | 334,000            | 236,159           | 97,841                         |
| Total water treatment plant          | <u>2,283,375</u>   | <u>1,745,042</u>  | <u>538,333</u>                 |
| <b>Construction and Maintenance:</b> |                    |                   |                                |
| Salaries and employee benefits       | 916,392            | 892,534           | 23,858                         |
| Supplies and maintenance materials   | 531,550            | 356,406           | 175,144                        |
| Repairs and maintenance              | 113,232            | 56,226            | 57,006                         |
| Contract services                    | 714,539            | 443,775           | 270,764                        |
| Administrative fees                  | 237,477            | 237,477           | -                              |
| Other departmental expenditures      | 616,055            | 186,934           | 429,121                        |
| Capital outlay                       | 114,452            | 60,347            | 54,105                         |
| Total construction and maintenance   | <u>3,243,697</u>   | <u>2,233,699</u>  | <u>1,009,998</u>               |
| <b>Waste Treatment Plant:</b>        |                    |                   |                                |
| Salaries and employee benefits       | 906,480            | 903,605           | 2,875                          |
| Utilities                            | 298,390            | 290,600           | 7,790                          |
| Supplies and maintenance materials   | 105,300            | 60,521            | 44,779                         |
| Repairs and maintenance              | 273,724            | 222,562           | 51,162                         |
| Contract services                    | 404,272            | 385,447           | 18,825                         |
| Administrative fees                  | 632,537            | 632,536           | 1                              |
| Other departmental expenditures      | 245,632            | 165,417           | 80,215                         |
| Capital outlay                       | 70,845             | 70,845            | -                              |
| Total waste treatment plant          | <u>2,937,180</u>   | <u>2,731,533</u>  | <u>205,647</u>                 |
| Contribution to joint venture        | <u>37,615</u>      | <u>30,244</u>     | <u>7,371</u>                   |
| Miscellaneous                        | <u>199,737</u>     | <u>-</u>          | <u>199,737</u>                 |
| <b>Debt Service:</b>                 |                    |                   |                                |
| Principal retirement                 | 3,562,512          | 3,393,542         | 168,970                        |
| Interest and fees                    | 749,040            | 694,045           | 54,995                         |
| Total debt service                   | <u>4,311,552</u>   | <u>4,087,587</u>  | <u>223,965</u>                 |
| Total expenditures                   | <u>13,976,047</u>  | <u>11,744,881</u> | <u>2,231,166</u>               |
| Revenues over (under) expenditures   | <u>(1,613,048)</u> | <u>1,130,153</u>  | <u>2,743,201</u>               |

CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021

|  | Budget    | Actual       | Variance<br>Over/Under |
|--|-----------|--------------|------------------------|
| <b>Other Financing Sources (Uses):</b>   |           |              |                        |
| Transfer to Water and Sewer Capital Projects Fund  | (114,785) | (378,890)    | (264,105)              |
| Appropriated retained earnings   | 1,727,833 | -            | (1,727,833)            |
| Total other financing sources (uses)   | 1,613,048 | (378,890)    | (1,991,938)            |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -      | \$ 751,263   | \$ 751,263             |
| <b>Reconciliation from Budgetary Basis<br/>(Modified Accrual) to Full Accrual:</b>         |           |              |                        |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses |           | \$ 751,263   |                        |
| Reconciling items:   |           |              |                        |
| Payment of debt principal  |           | 3,393,542    |                        |
| Depreciation and amortization  |           | (3,699,575)  |                        |
| Capital outlay expenditures  |           | 367,351      |                        |
| Capital items not charged to capital outlay  |           | 104,130      |                        |
| Transfer to Water Capital Project Fund   |           | 378,890      |                        |
| Capital Project fund revenues  |           | 2,916,359    |                        |
| Change in compensated absences   |           | (2,468)      |                        |
| Change in deferred outflows of resources - OPEB  |           | 152,803      |                        |
| Change in deferred inflows of resources - OPEB   |           | (31,176)     |                        |
| Change in OPEB liability   |           | (239,752)    |                        |
| Investment earnings in capital reserve   |           | 983          |                        |
| Change in deferred outflows of resources - pensions  |           | 90,323       |                        |
| Change in net pension liability  |           | (214,919)    |                        |
| Bad debt expense   |           | (159,148)    |                        |
| Loss on disposal   |           | 4,857        |                        |
| Change in accrued interest   |           | 11,825       |                        |
| Total reconciling items  |           | 3,074,025    |                        |
| Change in net position   |           | \$ 3,825,288 |                        |

## CITY OF THOMASVILLE, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND  
 COMBINED REVENUE BONDS AND STATE REVOLVING LOAN  
 SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

|   |                          | Actual         |                 |                    |                  |                        |
|---|--------------------------|----------------|-----------------|--------------------|------------------|------------------------|
|   | Project<br>Authorization | Prior<br>Years | Current<br>Year | Closed<br>Projects | Total<br>to Date | Variance<br>Over/Under |
| Revenues:   |                          |                |                 |                    |                  |                        |
| Sales tax refund                                  | \$ -                     | \$ 92,925      | \$ 19,891       | \$ (68,298)        | \$ 44,518        | \$ 44,518              |
| Restricted intergovernmental                      | 3,000,000                | 103,532        | 2,896,468       | -                  | 3,000,000        | -                      |
| Miscellaneous revenue                             | -                        | 32,009         | -               | -                  | 32,009           | 32,009                 |
| Total revenues                                    | 3,000,000                | 228,466        | 2,916,359       | (68,298)           | 3,076,527        | 76,527                 |
| Expenditures:                                     |                          |                |                 |                    |                  |                        |
| Pilot Area Main Improvement - engineering         | 496,660                  | 296,231        | -               | (296,231)          | -                | 496,660                |
| Pilot Area Main Improvement - contingency         | 130,651                  | -              | -               | -                  | -                | 130,651                |
| Pilot Area Water Main Improvement - construction  | 2,613,026                | 2,858,850      | -               | (2,858,850)        | -                | 2,613,026              |
| Hanks Branch Phase I - engineering                | 163,000                  | 17,496         | -               | -                  | 17,496           | 145,504                |
| Hanks Branch Phase I - contingency                | 92,000                   | -              | -               | -                  | -                | 92,000                 |
| Hanks Branch Phase I - construction               | 918,000                  | 702,072        | 40,601          | -                  | 742,673          | 175,327                |
| Waterline Replacement - construction              | 3,852,112                | -              | 850             | -                  | 850              | 3,851,262              |
| Kennedy Road - Engineering                        | 60,000                   | -              | -               | -                  | -                | 60,000                 |
| Kennedy Road - construction                       | 447,060                  | 407,868        | -               | (407,868)          | -                | 447,060                |
| Kennedy Road - contract services                  | 10,588                   | 10,588         | -               | (10,588)           | -                | 10,588                 |
| Kennedy Road- Contingency                         | 22,353                   | -              | -               | -                  | -                | 22,353                 |
| Hanks Branch Phase II - engineering               | 212,000                  | -              | -               | -                  | -                | 212,000                |
| Hanks Branch Phase II - contingency               | 159,144                  | -              | -               | -                  | -                | 159,144                |
| Hanks Branch Phase II - construction              | 1,630,684                | -              | 37,660          | -                  | 37,660           | 1,593,024              |
| North Hamby Creek Outfall Phase 3 - construction  | 7,036,628                | 778,916        | 4,501,437       | -                  | 5,280,353        | 1,756,275              |
| North Hamby Creek Outfall Phase 3 - engineering   | 792,060                  | 104,131        | 196,654         | -                  | 300,785          | 491,275                |
| North Hamby Creek Outfall Phase 3 - closing costs | 166,689                  | 123,368        | -               | -                  | 123,368          | 43,321                 |
| North Hamby Creek Outfall Phase 3 - contingency   | 505,663                  | -              | -               | -                  | -                | 505,663                |
| Total expenditures                                | 19,308,318               | 5,299,520      | 4,777,202       | (3,573,537)        | 6,503,185        | 12,805,133             |
| Revenues over (under) expenditures                | (16,308,318)             | (5,071,054)    | (1,860,843)     | 3,505,239          | (3,426,658)      | 12,881,660             |
| Other Financing Sources (Uses):                   |                          |                |                 |                    |                  |                        |
| State revolving loan                              | 15,844,772               | 4,484,980      | 2,218,580       | (3,630,703)        | 3,072,857        | 12,771,915             |
| Transfers from Water and Sewer Fund               | 463,546                  | 684,985        | 378,890         | (148,484)          | 683,364          | (219,818)              |
| Total other financing sources (uses)              | 16,308,318               | 5,169,965      | 2,597,470       | (3,779,187)        | 3,756,221        | 12,552,097             |
| Revenues and other financing sources over         |                          |                |                 |                    |                  |                        |
| (under) expenditures and other financing uses     | \$ -                     | \$ 98,911      | \$ 736,627      | \$ (273,948)       | \$ 329,563       | \$ 329,563             |



## CITY OF THOMASVILLE, NORTH CAROLINA

**WATER AND SEWER CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|  | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|--|---------------|---------------|--------------------------------|
| <b>Revenues:</b>   |               |               |                                |
| Investment earnings  | \$ -          | \$ 983        | \$ 983                         |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | \$ -          | \$ 983        | \$ 983                         |

# CITY OF THOMASVILLE, NORTH CAROLINA

## GOLF COURSE ENTERPRISE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2021

|  | <u>Budget</u>  | <u>Actual</u>     | <u>Variance<br/>Over/Under</u> |
|--|----------------|-------------------|--------------------------------|
| <b>Revenues:</b>   |                |                   |                                |
| Operating revenues   |                |                   |                                |
| Charges for services   | \$ 645,171     | \$ 819,955        | \$ 174,784                     |
| Miscellaneous  | 6,144          | 3,600             | (2,544)                        |
| Total revenues   | <u>651,315</u> | <u>823,555</u>    | <u>172,240</u>                 |
| <b>Expenditures:</b>   |                |                   |                                |
| <b>Golf Course Clubhouse:</b>  |                |                   |                                |
| Salaries and employee benefits   | 186,514        | 189,274           | (2,760)                        |
| Other departmental expenditures  | 53,416         | 49,405            | 4,011                          |
| Total golf course clubhouse  | <u>239,930</u> | <u>238,679</u>    | <u>1,251</u>                   |
| <b>Golf Course Maintenance:</b>  |                |                   |                                |
| Salaries and employee benefits   | 317,210        | 315,585           | 1,625                          |
| Other departmental expenditures  | 160,346        | 122,919           | 37,427                         |
| Capital outlay   | 26,300         | 25,487            | 813                            |
| Total golf course maintenance  | <u>503,856</u> | <u>463,991</u>    | <u>39,865</u>                  |
| <b>Debt Service:</b>   |                |                   |                                |
| Debt principal   | 149,163        | 149,065           | 98                             |
| Interest   | 6,408          | 5,670             | 738                            |
| Total debt service   | <u>155,571</u> | <u>154,735</u>    | <u>836</u>                     |
| Contingency  | <u>5,000</u>   | <u>-</u>          | <u>5,000</u>                   |
| Total expenditures   | <u>904,357</u> | <u>857,405</u>    | <u>46,952</u>                  |
| Revenues over (under) expenditures   | (253,042)      | (33,850)          | 219,192                        |
| <b>Other Financing Sources (Uses):</b>   |                |                   |                                |
| Transfer from General Fund   | <u>253,042</u> | <u>253,042</u>    | <u>-</u>                       |
| Revenues and other financing sources over<br>(under) expenditures and other financing uses | <u>\$ -</u>    | <u>\$ 219,192</u> | <u>\$ 219,192</u>              |

## CITY OF THOMASVILLE, NORTH CAROLINA

**GOLF COURSE ENTERPRISE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|   | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Over/Under</u> |
|---|---------------|---------------|--------------------------------|
| <b>Reconciliation from Budgetary Basis</b>          |               |               |                                |
| <b>(Modified Accrual) to Full Accrual:</b>          |               |               |                                |
| Revenues and other financing sources over           |               |               |                                |
| (under) expenditures and other financing uses       |               | \$ 219,192    |                                |
| Reconciling items:                                  |               |               |                                |
| Depreciation  |               | (165,437)     |                                |
| Capital outlay expenditures                         |               | 25,487        |                                |
| Change in deferred outflows of resources - pensions |               | 18,065        |                                |
| Change in deferred outflows of resources - OPEB     |               | 30,560        |                                |
| Change in net pension liability                     |               | (42,984)      |                                |
| Change in deferred inflows of resources - pensions  |               | 289           |                                |
| Change in compensated absences                      |               | 4,065         |                                |
| Change in deferred inflows of resources - OPEB      |               | (6,236)       |                                |
| Change in OPEB liability                            |               | (47,950)      |                                |
| Debt principal                                      |               | 149,065       |                                |
| Total reconciling items                             |               | (35,076)      |                                |
| Change in net position                              |               | \$ 184,116    |                                |

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2021

| <b>Fiscal Year</b>   | <b>Uncollected<br/>Balance<br/>July 1, 2020</b> | <b>Additions</b>     | <b>Collections<br/>and Credits</b> | <b>Uncollected<br/>Balance<br/>June 30, 2021</b> |
|--|---|----------------------|------------------------------------|--|
| 2020-2021  | \$ -  | \$ 11,814,149        | \$ 11,612,469                      | \$ 201,680                                       |
| 2019-2020  | 387,110   | -                    | 163,642                            | 223,468  |
| 2018-2019  | 177,287   | -                    | 71,334                             | 105,953  |
| 2017-2018  | 140,529   | -                    | 59,198                             | 81,331   |
| 2016-2017  | 66,091  | -                    | 23,743                             | 42,348   |
| 2015-2016  | 53,257  | -                    | 16,282                             | 36,975   |
| 2014-2015  | 25,514  | -                    | 10,975                             | 14,539   |
| 2013-2014  | 51,062  | -                    | 8,871                              | 42,191   |
| 2012-2013  | 40,647  | -                    | 6,781                              | 33,866   |
| 2011-2012  | 18,349  | -                    | 6,145                              | 12,204   |
| 2010-2011  | 933   | -                    | 933                                | -  |
| Total  | <u>\$ 960,779</u>                               | <u>\$ 11,814,149</u> | <u>\$ 11,980,373</u>               | <u>794,555</u>                                   |
| Less allowance for uncollectible ad valorem taxes receivable |   |                      |                                    | <u>490,000</u>                                   |
| Ad valorem taxes receivable, net                             |   |                      |                                    | <u>\$ 304,555</u>                                |
| <b>Ad Valorem Taxes Receivable, Net</b>                      |   |                      |                                    |  |
| General Fund   |   |                      |                                    | <u>\$ 304,555</u>                                |
| <b>Reconciliation With Revenues:</b>                         |   |                      |                                    |  |
| Ad valorem taxes - General Fund                              |   |                      |                                    | \$ 11,841,167                                    |
| Amounts written off per statute of limitations               |   |                      |                                    | (933)  |
| Collection of prior taxes written off                        |   |                      |                                    | 4,408  |
| Discounts allowed  |   |                      |                                    | 111,273  |
| Releases allowed   |   |                      |                                    | 146,400  |
| Interest and penalties collected                             |   |                      |                                    | <u>(121,942)</u>                                 |
| Total collections and credits                                |   |                      |                                    | <u>\$ 11,980,373</u>                             |

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

|  | City-Wide               |         |                      | Total Levy   |                                 |
|--|-------------------------|---------|----------------------|--|---------------------------------|
|  | Property<br>Valuation   | Rate    | Total<br>Levy        | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| <b>Original Levy:</b>                                      |                         |         |                      |  |                                 |
| Total property taxed at current year's rate                | \$ 1,832,381,903        | \$ 0.60 | \$ 11,170,912        | \$ 10,177,645  | \$ 993,267                      |
| Registered motor vehicles taxed at prior year's taxes      | 26,307,105              | 0.60    | 157,843              | -  | 157,843                         |
| Total  | <u>1,858,689,008</u>    |         | <u>11,328,755</u>    | <u>10,177,645</u>  | <u>1,151,110</u>                |
| <b>Discoveries:</b>  |                         |         |                      |  |                                 |
| Current year taxes   | <u>80,898,988</u>       |         | <u>485,394</u>       | <u>485,394</u>   | <u>-</u>                        |
| Total property valuation                                   | <u>\$ 1,939,587,996</u> | (a)     |                      |  |                                 |
| <b>Net Levy</b>  |                         |         | 11,814,149           | 10,663,039   | 1,151,110                       |
| Less uncollected taxes at June 30, 2021                    |                         |         | <u>201,680</u>       | <u>191,706</u>   | <u>9,974</u>                    |
| <b>Current Year's Taxes Collected</b>                      |                         |         | <u>\$ 11,612,469</u> | <u>\$ 10,471,333</u>                                     | <u>\$ 1,141,136</u>             |
| <b>Current Levy Collection Percentage</b>                  |                         |         | <u>98.29%</u>        | <u>98.20%</u>  | <u>99.13%</u>                   |
| (a) Total property valuation consists<br>of the following: |                         |         |                      |  |                                 |
| Real property  | \$ 1,464,569,090        |         |                      |  |                                 |
| Personal property  | 413,865,721             |         |                      |  |                                 |
| Public utilities property                                  | <u>61,153,185</u>       |         |                      |  |                                 |
| Total  | <u>\$ 1,939,587,996</u> |         |                      |  |                                 |

## CITY OF THOMASVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - CITY SCHOOL FUND  
JUNE 30, 2021

| <b>Fiscal Year</b>   | <b>Uncollected<br/>Balance<br/>July 1, 2020</b> | <b>Additions</b>    | <b>Collections<br/>and Credits</b> | <b>Uncollected<br/>Balance<br/>June 30, 2021</b> |
|--|---|---------------------|------------------------------------|--|
| 2020-2021  | \$ -  | \$ 1,644,664        | \$ 1,562,946                       | \$ 81,718  |
| 2019-2020  | 92,475  | -                   | 31,994                             | 60,481   |
| 2018-2019  | 41,563  | -                   | 14,747                             | 26,816   |
| 2017-2018  | 31,528  | -                   | 9,447                              | 22,081   |
| 2016-2017  | 24,574  | -                   | 5,221                              | 19,353   |
| 2015-2016  | 20,033  | -                   | 3,455                              | 16,578   |
| 2014-2015  | 20,861  | -                   | 2,096                              | 18,765   |
| 2013-2014  | 13,562  | -                   | 1,344                              | 12,218   |
| 2012-2013  | 15,233  | -                   | 713                                | 14,520   |
| 2011-2012  | 14,895  | -                   | 682                                | 14,213   |
| 2010-2011  | 15,333  | -                   | 15,333                             | -  |
| <b>Total</b>   | <b>\$ 290,057</b>                               | <b>\$ 1,644,664</b> | <b>\$ 1,647,978</b>                | <b>286,743</b>                                   |
| Less allowance for uncollectible ad valorem taxes receivable |   |                     |                                    | <u>180,000</u>                                   |
| Ad valorem taxes receivable, net                             |   |                     |                                    | <u>\$ 106,743</u>                                |
| <b>Ad Valorem Taxes Receivable, Net</b>                      |   |                     |                                    |  |
| City School Fund   |   |                     |                                    | <u>\$ 106,743</u>                                |
| <b>Reconciliation With Revenues:</b>                         |   |                     |                                    |  |
| Ad valorem taxes - City School Supplement Fund               |   |                     |                                    | \$ 1,613,198                                     |
| Amounts written off per statute of limitations               |   |                     |                                    | (15,333)   |
| Collection of prior taxes written off                        |   |                     |                                    | 244  |
| Releases allowed   |   |                     |                                    | 55,601   |
| Interest and penalties collected                             |   |                     |                                    | <u>(5,732)</u>                                   |
| Total collections and credits                                |   |                     |                                    | <u>\$ 1,647,978</u>                              |

## CITY OF THOMASVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY SCHOOL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

|  | City-Wide             |          |                     | Total Levy   |                                 |
|--|-----------------------|----------|---------------------|--|---------------------------------|
|  | Property<br>Valuation | Rate     | Total<br>Levy       | Property<br>Excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| <b>Original Levy:</b>                                |                       |          |                     |  |                                 |
| Total property taxed at current year's rate          | \$ 829,344,068        | \$ 0.195 | \$ 1,618,513        | \$ 1,474,861   | \$ 143,652                      |
| Registered motor vehicles taxed at prior year's rate | 13,410,769            | 0.195    | 26,151              | -  | 26,151                          |
| Total  | <u>842,754,837</u>    |          | <u>1,644,664</u>    | <u>1,474,861</u>   | <u>169,803</u>                  |
| Total property valuation                             | <u>\$ 842,754,837</u> |          |                     |  |                                 |
| <b>Net Levy</b>                                      |                       |          | 1,644,664           | 1,474,861  | 169,803                         |
| Less uncollected taxes at June 30, 2021              |                       |          | <u>81,718</u>       | <u>80,527</u>  | <u>1,191</u>                    |
| <b>Current Year's Taxes Collected</b>                |                       |          | <u>\$ 1,562,946</u> | <u>\$ 1,394,334</u>                                      | <u>\$ 168,612</u>               |
| <b>Current Levy Collection Percentage</b>            |                       |          | <u>95.03%</u>       | <u>94.54%</u>  | <u>99.30%</u>                   |

## CITY OF THOMASVILLE, NORTH CAROLINA

PROPERTY VALUATION AND LEVY OF TOP TEN COMPANIES  
FOR THE YEAR ENDED JUNE 30, 2021

|                                  | <u>Real<br/>Value</u> | <u>Personal<br/>Value</u> | <u>Total<br/>Value</u> | <u>City<br/>Levy</u> | <u>School<br/>Levy</u> |
|----------------------------------|-----------------------|---------------------------|------------------------|----------------------|------------------------|
| Unilin Flooring NC/North America | \$ 70,474,960         | \$ 91,401,674             | \$ 161,876,634         | \$ 1,003,634         | \$ -                   |
| Ennis Paint Inc.                 | 4,892,820             | 21,931,510                | 26,824,330             | 166,310              | -                      |
| Duke Energy Corp                 | -                     | 39,866,169                | 39,866,169             | 156,086              | 28,647                 |
| Old Dominion Freight Lines       | 5,903,700             | 18,567,308                | 24,471,008             | 151,719              | -                      |
| Wal-Mart                         | 15,235,380            | 2,256,048                 | 17,491,428             | 108,446              | -                      |
| Shelba D. Johnson Trucking Inc.  | 3,288,200             | 24,398,302                | 27,686,502             | 99,264               | 22,767                 |
| Imaflex USA Inc.                 | -                     | 12,696,808                | 12,696,808             | 78,720               | 24,758                 |
| Parkdale America LLC             | 1,065,670             | 8,758,492                 | 9,824,162              | 60,909               | 19,157                 |
| Transcontinental TVL LLC         | -                     | 9,634,041                 | 9,634,041              | 59,731               | 18,786                 |
| Brass Craft/Thomas MFG           | 2,860,440             | 6,339,972                 | 9,200,412              | 57,041               | 17,940                 |
| Total                            | <u>\$ 103,721,170</u> | <u>\$ 235,850,324</u>     | <u>\$ 339,571,494</u>  | <u>\$ 1,941,860</u>  | <u>\$ 132,055</u>      |



# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
City of Thomasville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomasville as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Thomasville's basic financial statements, and have issued our report thereon dated October 18, 2021. Our report includes a reference to other auditors who audited the financial statements of the City of Thomasville Board of Education and the City of Thomasville ABC Board, as described in our report on the City of Thomasville's financial statements. The financial statements of the Thomasville Tourism Commission and the City of Thomasville ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Thomasville Tourism Commission and the City of Thomasville ABC Board.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Thomasville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 18, 2021

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance; and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
City of Thomasville, North Carolina

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Thomasville's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Thomasville's major federal programs for the year ended June 30, 2021. The City of Thomasville's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for the compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Thomasville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Thomasville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Thomasville's compliance.

## Opinion on Each Major Federal Program

In our opinion, the City of Thomasville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the City of Thomasville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Thomasville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Thomasville's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 18, 2021

# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
City of Thomasville, North Carolina

### **Report on Compliance for Each Major State Program**

We have audited the City of Thomasville, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the City of Thomasville's major state programs for the year ended June 30, 2021. The City of Thomasville's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Thomasville's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable sections of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Thomasville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Thomasville's compliance.

### **Opinion on Each Major State Program**

In our opinion, the City of Thomasville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the City of Thomasville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Thomasville's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Thomasville's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 18, 2021

# CITY OF THOMASVILLE, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

### 1. Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Non-compliance material to financial statements noted? No

#### Federal Awards

Internal control over federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Coronavirus Relief Fund 21.019

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

## **CITY OF THOMASVILLE, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021**

#### **State Awards**

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for  
major state programs

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single Audit  
Implementation Act?

No

Identification of major state programs:

#### **Program Name**

Connect NC Bond Program

#### **2. Financial Statements Findings**

None reported.

#### **3. Federal Award Findings and Questioned Costs**

None reported.

#### **4. State Award Findings and Questioned Costs**

None reported.



**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

No prior year findings.

**CITY OF THOMASVILLE, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

| <b>Grantor/Pass-Through<br/>Grantor/Program Title</b>        | <b>Federal<br/>Assistance<br/>Listing<br/>Number</b> | <b>State/Pass-Through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Pass-Through<br/>to<br/>Subrecipients</b> |
|--|--|--|---------------------------------|-------------------------------|--|
| <b>Federal Awards:</b>                                       |  |  |                                 |                               |  |
| <b><u>U.S. Department of Justice</u></b>                     |  |  |                                 |                               |  |
| Office of Justice Programs                                   |  |  |                                 |                               |  |
| 2019 Edward Byrne Memorial Justice Assistance Grant Programs | 16.738   | 2019-DJ-BX-0067                                    | \$ 26,467                       | \$ -                          | \$ -   |
| <b><u>U.S. Department of Agriculture</u></b>                 |  |  |                                 |                               |  |
| Passed through Energy United                                 |  |  |                                 |                               |  |
| Electrical Membership Corporation                            |  |  |                                 |                               |  |
| Rural Economic Development Loans and Grants                  | 10.854   |  | 38,100                          | -                             | -  |
| <b><u>U.S. Department of Treasury</u></b>                    |  |  |                                 |                               |  |
| Equitable Sharing Program                                    | 21.016   |  | 37,264                          | -                             | -  |
| Passed through the Office of State Budget and Management     |  |  |                                 |                               |  |
| NC Pandemic Recovery Office                                  |  |  |                                 |                               |  |
| Passedthrough Davidson County                                |  |  |                                 |                               |  |
| COVID-19 / Conronvirus Relief Fund                           | 21.019   | 02-29-03   | 719,596                         |                               | -  |
| Passedthrough Randolph County                                |  |  |                                 |                               |  |
| COVID-19 / Conronvirus Relief Fund                           | 21.019   | 02-29-03   | 7,911                           | -                             | -  |
| <b>State Grants:</b>   |  |  |                                 |                               |  |
| <b><u>N.C. Department of Environmental Quality</u></b>       |  |  |                                 |                               |  |
| Connect NC Bond  |  | E-SRP-W-17-0051                                    | -                               | 4,698,091                     | -  |
| Connect NC Bond  |  | CS370619-06  | -                               | 40,601                        | -  |
| <b><u>N.C. Department of Commerce</u></b>                    |  |  |                                 |                               |  |
| NC Rural Building Reuse - Unilin North America               |  | 2020-034-3201-2587                                 | -                               | 300,000                       | -  |
| NC Rural Building Reuse - Minnewawa                          |  | 2020-033-3201-2587                                 | -                               | 210,000                       | -  |
| NC Rural Building Reuse - CCI - Containment Control          |  | 2021-018-3201-2587                                 | -                               | 32,250                        | -  |
| <b><u>N.C. Department of Transportation</u></b>              |  |  |                                 |                               |  |
| Powell Bill  | DOT-4  | 32570  | -                               | 168,333                       | -  |
|  |  |  |                                 |                               | \$ -   |
| Total Federal grants   |  |  | \$ 829,338                      |                               |  |
| Total State grants   |  |  |                                 | \$ 5,449,275                  |  |

## CITY OF THOMASVILLE, NORTH CAROLINA

### SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2021

#### Notes to the Schedule of Expenditures of Federal and State Awards:

##### **(1) Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the City of Thomasville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City of Thomasville, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Thomasville.

##### **(2) Summary of Significant Accounting Policies:**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Thomasville has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

##### **(3) Coronavirus Relief Funds:**

The City of Thomasville received \$719,596 and \$7,911 of funding from the Coronavirus Relief Fund (21.019) from Davidson County and Randolph County, respectively, in accordance with HB 1043 and HB 1023. The City of Thomasville has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties; however, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2021.

##### **(4) Loans Outstanding:**

The City of Thomasville had the following loan balances outstanding at June 30, 2021 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2021 consist of:

| <b>Program Title</b>                  | <b>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grantor's<br/>Number</b> | <b>Amount<br/>Outstanding</b> |
|---------------------------------------|--|--|-------------------------------|
| Clean Water State Revolving Loan      | 66.458                                   | CS370619-03                                  | \$ 4,857,383                  |
| Connect NC Bond                       | 66.458                                   | E-SRP-W-17-0051                              | 2,211,208                     |
| Connect NC Bond                       | 66.458                                   | CS370619-06                                  | 861,649                       |
| Drinking Water State Revolving Loan   | 66.468                                   | H-LRX-F-17-1903                              | 449,864                       |
| Drinking Water State Revolving Loan   | 66.468                                   | H-LRX-F-16-1909                              | 3,154,368                     |
| USDA Rural Economic Development Grant | 10.854                                   |  | 195,517                       |

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