REVIEWED
By SLGFD at 2:13 pm, Feb 07, 2022

Eastern Wayne Sanitary District

FINANCIAL REPORT

June 30, 2021 and 2020

Table of Contents

REPORT

Independent Auditors' Report 1

Management's Discussion and Analysis 4

District Board Members and Key Staff 11

FINANCIAL STATEMENTS

Basic Financial Statements

Exhibit A – Statements of Net Position – Proprietary Fund 12

Exhibit B – Statements of Revenues, Expenses and Changes in Net Position – Proprietary Fund 14

Exhibit C – Statements of Cash Flows – Proprietary Fund 16

Notes to Financial Statements 18

Required Supplementary Information

Schedules of the Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System 50

Schedules of Employer Contributions – Local Government Employees' Retirement System 51

Schedules of Changes in Total OPEB Liability and Related Ratios – Other Post-Employment Benefits 52

Supplementary Information

Schedule 1 – Schedule of Revenues and Expenditures – Proprietary Fund Budget and Actual (Non-GAAP) 53

Capital Project Funds:

Schedule 2 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Standby Power Systems Capital Project #183 and #193 55

Schedule 3 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Water Treatment Plant 4 – Structure Modifications Capital Project #170 56

Schedule 4 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Water Treatment Plant 4 – Sodium Hydroxide Feed System Capital Project #192 57

Schedule 5 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Spring Forest Subdivision - Section 3 (24 Lots) Capital Project #191 58

Schedule 6 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Spring Forest Subdivision – Sections 4 and 5 (52 Lots) Capital Project #196 59

Schedule 7 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Mira Branch Subdivision (Lots 20-29 and 65-69) Capital Project 60

Schedule 8 – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP), Dobbs County Estates – Section 13 (Lots 119-123) Capital Project #188 61

Compliance Section

Independent Auditors' 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* 62

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Eastern Wayne Sanitary District
Goldsboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Eastern Wayne Sanitary District, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Eastern Wayne Sanitary District'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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Eastern Wayne Sanitary District, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Other Postemployment Benefits Schedules of Changes in the Total OPEB Liability and Related Ratios, as presented in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Eastern Wayne Sanitary District. The budgetary schedule and capital project schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedule and capital project schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedule and capital project schedules 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 January 6, 2022, on our consideration of the Eastern Wayne Sanitary District'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 that 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 Eastern Wayne Sanitary District'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 Southeastern Wayne Sanitary District's internal control over financial reporting and compliance.

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

Goldsboro, North Carolina
January 6, 2022

As management of the Eastern Wayne Sanitary District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2021 and 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources (net position) for the years ended June 30, 2021, 2020 and 2019 by $23,011,869, $22,576,865, and $22,296,324 (after restatement), respectively. Of this amount, $5,676,093, $5,339,985, and $4,730,468 (unrestricted net position), respectively, may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net position increased by $435,004, $280,541, and $627,488 (after restatement) for the years ended June 30, 2021, 2020 and 2019, respectively.
- The District maintained a balance of cash, cash equivalents and investments for the years ended June 30, 2021, 2020 and 2019 of $7,300,752, $6,174,132, and $5,595,007, respectively. Of this amount, $968,049, $805,150, and $673,108 (restricted cash and investments), respectively, is restricted for private construction, payment to creditors, and meter deposits.
- The District's capital asset balances, net of depreciation, for the years ended June 30, 2021, 2020, and 2019 were $23,624,356, $23,874,938, and $24,472,278, respectively.
- The District generated revenue from operations for the years ended June 30, 2021, 2020, and 2019 of $3,183,262, $3,257,244, and $3,272,522 (as restated), respectively.

Overview of the Financial Statements

The District's primary mission is to provide water services to Wayne County residents east of the Neuse River to the Lenoir/Greene County lines and south to Saulston to the Lenoir County line. The District's operations, capital expansion program and debt service are funded almost entirely through sales of water, fees and other service charges. As such, the District is considered to be, and therefore presents its financial report as a stand-alone enterprise fund. As a stand-alone enterprise fund, the District's basic financial statements consist of Statements of Net Position, Statements of Revenues, Expenses and Changes in Fund Net Position and Statements of Cash Flows.

The Statements of Net Position present information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the these items reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position provide information regarding the District's total economic resource inflow and outflow (accrual method of accounting). The difference between these inflows and outflows represents the change in net position.

The Statements of Cash Flows deal specifically with the flow of cash and cash equivalents arising from operating, financing and investing activities. Because the District's Statements of Revenues, Expenses and Changes in Fund Net Position are a measurement of the flow of total economic resources, operating income usually differs from net cash flows from operations. To enhance the reader's understanding of this difference, the Statements of Cash Flows also includes a reconciliation between these two amounts. In accordance with accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in this statement.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. In addition to the basic financial statements and accompanying notes, this report includes required supplementary information and supplementary information regarding the District's participation in the Local Government Employees' Retirement System and the District's total Other Post-Employment Benefit Plan, as well as other schedules relating to the District's financial statements.

The District depends on financial resources flowing from, or associated with, the Federal Government and the State of North Carolina. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

Financial Analysis

Total Assets, Deferred Outflows of Resources, Total Liabilities, Total Deferred Inflows of Resources and Total Net Position

For 2021 and 2020, the District's total net position increased 1.93% to $23,011,869 from $22,576,865. For 2020 and 2019, the District's total net position increased 1.26% to $22,576,865 from $22,296,324. For 2021 and 2020, the District's unrestricted net position increased 6.29% to $5,676,093 from $5,339,985. For 2020 and 2019, the District's unrestricted net position increased 12.88% to $5,339,985 from $4,730,468.

Table 1
Eastern Wayne Sanitary District
Condensed Statement of Net Position
As of June 30,

	2021	2020	(Restated) * 2019	Change 2021 - 2020	Change 2020 - 2019
Current assets	$ 8,102,644	$ 7,336,571	$ 6,346,720	$ 766,073	$ 989,851
Capital assets and other long-term assets	23,667,163	23,942,745	24,565,085	(275,582)	(622,340)
Deferred outflows of resources	1,902,532	1,388,405	1,370,433	514,127	17,972
Total assets and deferred outflows of resources	33,672,339	32,667,721	32,282,238	1,004,618	385,483
Current liabilities	1,685,714	1,507,902	1,559,908	177,812	(52,006)
Long-term liabilities	8,781,635	8,353,421	8,170,191	428,214	183,230
Deferred inflows of resources	193,121	229,533	255,815	(36,412)	(26,282)
Total liabilities and deferred inflows of resources	10,660,470	10,090,856	9,985,914	569,614	104,942
Net investment in capital assets	17,335,776	17,236,880	17,565,856	98,896	(328,976)
Unrestricted net position	5,676,093	5,339,985	4,730,468	336,108	609,517
Total net position*	$ 23,011,869	$ 22,576,865	$ 22,296,324	$ 435,004	$ 280,541

*During the year ended June 30, 2020, the District corrected an error related to customer accounts receivable and customer water charges for $135,008. The resulting correction increased accounts receivable from $402,862 to $537,870 and increased customer water charges from $2,794,583 to $2,929,591. This resulted in a net increase of $135,008 in net position at June 30, 2019 from $22,161,316 to $22,296,324.

Revenues

The District does not levy or collect taxes, nor does the District receive funding for operations from the taxing authorities within our service area. The District's operations and debt service are funded almost entirely from fees charged to customers for water services. As such, the District's revenue stream is impacted by fluctuations in demand for services and other economic factors.

Table 2
Eastern Wayne Sanitary District
Schedule of Operating Revenue
For the Fiscal Years Ended June 30,

	2021	2020	(Restated) 2019	Change 2021 - 2020	Change 2020 - 2019
Water sales	$ 2,704,415	$ 2,914,755	$ 2,929,591	$ (210,340)	$ (14,836)
Service charges	180,191	113,073	159,095	67,118	(46,022)
Tap fees	171,332	108,639	80,299	62,693	28,340
Connection fees	35,725	34,255	31,385	1,470	2,870
Rental income	74,093	76,664	70,684	(2,571)	5,980
Other income	17,506	9,858	1,468	7,648	8,390
Total	$ 3,183,262	$ 3,257,244	$ 3,272,522	$ (73,982)	$ (15,278)

Operating Revenues

Revenue from water charges decreased by 7.22% to $2,704,415 for the fiscal year ended 2021 compared to $2,914,755 for the fiscal year ended 2020. This change is due primarily to a change in the District's collection policy which increased the allowance on outstanding balances. For the fiscal year ended 2020, water charges decreased .51% to $2,914,755 compared to $2,929,591 for the fiscal year ended 2019, after restatement. As of June 30, 2021, 2020 and 2019, there were 6,611, 6,520, and 6,425 customers, respectively, benefiting from the District's water service. Revenue from water charges for the upcoming year is expected to remain consistent with this year.

Tap fees and connection fees are the charges for installing a new tap and for service to existing taps. Service charges are the fees for establishing a new service at an existing tap as well as charges to restore water service to customers whose water service was discontinued for nonpayment of charges due. The increases or decreases in tap fees and service charges are due to the increase or decrease of customers within the District. Other income includes return check charges.

The current fiscal year revenues were adequate to meet the current operating budget requirements. The surplus at the end of the fiscal year is incorporated into the succeeding year's budget planning.

Non-Operating Revenues / Capital Contributions

Non-operating revenue consists of investment earnings and proceeds from the sale of District assets. Capital contributions consist of monies received by the District from developers, reimbursements from the state government for non-capital projects, and grants from agencies for the acquisition and construction of a capital project. Capital contributions increased by $18,589 for the fiscal year. Investment earnings decreased by $43,011 from $45,494 in fiscal year 2020 to $2,483 in fiscal year 2021. For fiscal years 2020 and 2019, investment earnings decreased $18,902.

Table 3
Eastern Wayne Sanitary District
Schedule of Capital Contributions
For the Fiscal Years Ended June 30,

	2021	2020	2019	Change 2021 - 2020	Change 2020 - 2019
NC DOT reimbursements	$ -	$ 375,550	$ 342,253	$ (375,550)	$ 33,297
Golden Leaf Foundation grant	225,000	-	-	225,000	-
Developers	202,010	32,871	119,172	169,139	(86,301)
Total	$ 427,010	$ 408,421	$ 461,425	$ 18,589	$ (53,004)

Capital contributions from developers for construction or extension of water lines increase or decrease depending upon private construction jobs such as residential neighborhoods. During 2021, the District received grant funding from the Golden Leaf Foundation for the purchase and

construction of a standby power system. During 2020 and 2019, the District received NC DOT reimbursements for water system line relocation and related projects.

Expenses

Operating Expenses

Table 4
Eastern Wayne Sanitary District
Schedule of Operating Expenses
For the Fiscal Years Ended June 30,

	2021	2020	2019	Change 2021 - 2020	Change 2020 - 2019
Operations	$ 2,084,001	$ 2,324,180	$ 2,148,643	$ (240,179)	$ 175,537
Depreciation and amortization	991,403	975,147	890,770	16,256	84,377
Total	$ 3,075,404	$ 3,299,327	$ 3,039,413	$ (223,923)	$ 259,914

Total operating expenses decreased 6.79% from 2020 to 2021, primarily due to a decrease in repairs and line location related to non-capital NC DOT projects. For fiscal years 2020 and 2019, total operating expenses increased 8.55%, primarily due to increases and repairs and line relocation associated with NC DOT related project costs.

Non-Operating Expenses

Non-operating expense consists of interest expense and capacity charges. Interest expense decreased by $9,963 or 8.60% from 2020 to 2021 and interest expense decreased by $12,668 or 9.86% from 2020 to 2019. With reducing higher interest debt through refinancing and prepayment, the District has been able to reduce overall interest expense.

Budgetary Highlights

During the fiscal year, the District 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; and 3) increases in appropriations that become necessary to maintain services.

During the year ended June 30, 2021, the District amended its budget on various occasions due to higher or lower than expected costs of goods and services. The largest amendment related to taps installations, salaries and benefits, and supplies and maintenance.

Capital Assets, Improvements and Expansion

Net change in capital assets, including acquisitions, dispositions and the annual provision for depreciation expense, for 2020 to 2021 was a decrease of 1.05% and for 2020 to 2019 was a decrease of 2.44%.

Table 5
Eastern Wayne Sanitary District
Schedule of Capital Assets
As of June 30,

	2021	2020	2019	Change 2021 - 2020	Change 2020 - 2019
Capital assets, non-depreciable	$ 964,700	$ 788,528	$ 3,842,500	$ 176,172	$ (3,053,972)
Capital assets, depreciable	37,535,528	36,957,789	33,551,010	577,739	3,406,779
Less: accumulated depreciation	14,875,872	13,871,379	12,921,232	1,004,493	950,147
Total	$ 23,624,356	$ 23,874,938	$ 24,472,278	$ (250,582)	$ (597,340)

Debt Administration

Table 6
Eastern Wayne Sanitary District
Schedule of Bonds and Notes Payable
As of June 30,

	2021	2020	2019	Change 2021 - 2020	Change 2020 - 2019
2016 Refunding bond	$ -	$ -	$ 242,000	$ -	$ (242,000)
State revolving loan	150,000	300,000	450,000	(150,000)	(150,000)
Note payable - USDA	1,969,000	2,004,000	2,038,000	(35,000)	(34,000)
Notes payable - NC DEQ	3,173,272	3,363,843	3,243,870	(190,571)	119,973
Due to SEWSD	901,147	917,130	932,552	(15,983)	(15,422)
Total	$ 6,193,419	$ 6,584,973	$ 6,906,422	$ (391,554)	$ (321,449)

At June 30, 2021 and 2020, the District's total outstanding debt decreased 5.95%, due primarily to continued repayment of debt service. At June 30, 2020 and 2019, the District's total outstanding debt decreased 4.65%, due to continued repayment of debt service. For 2021, 2020, and 2019, the District recognized interest expense on these obligations totaling $105,906, $115,869, and $128,537, respectively.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicator reflects the growth and prosperity of the District. Due to the increasing costs to provide utility service while maintaining a vast infrastructure, the District implemented an increase in water rates effective July 1, 2021. Management expects to implement a small increase in rates every year on July 1 for the next several years.

Overall Financial Position

The District continues to have a strong and healthy financial position. Net position continued to grow and remains strong and more than adequate to meet obligations. The District's capital improvements demonstrate management's commitment to building and maintaining a strong operational infrastructure capable of sustaining quality water service to our community well into the twenty-first century.

Requests for Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Eastern Wayne Sanitary District, PO Box 1583, 3600 Commercial Drive, Goldsboro, NC 27534 or telephone (919) 731-2310 or visit our website at www.waynewaterdistricts.com.

Eastern Wayne Sanitary District
District Board Members and Key Staff

District Board Members

Daryl Anderson, Chairman

James Sutton

Brandon Gray

Richard Carraway, Jr.

Ervin Watts

Administrative and Financial Staff

Steve Hamilton, District Manager

Barbara Pederson, Office Manager

Brandon Gray, Finance Officer

Ashley Reboli, Assistant Finance Officer

Eastern Wayne Sanitary District
Statements of Net Position – Proprietary Fund
Exhibit A

June 30,	**2021**	2020
Assets		
Current assets		
Cash	**$ 4,541,263**	$ 3,808,323
Investments	**1,791,440**	1,560,659
Accounts receivables - trade, net	**487,992**	527,009
Sales tax receivable	**34,264**	23,864
Grant receivable	**225,000**	425,738
Due from other Districts	**51,244**	182,283
Prepaid insurance	**3,392**	3,545
Restricted cash and investments	**968,049**	805,150
Total current assets	**8,102,644**	7,336,571
Capital assets		
Land, non-depreciable improvements, and construction in progress	**964,700**	788,528
Other capital assets, net of depreciation	**22,659,656**	23,086,410
Total capital assets	**23,624,356**	23,874,938
Other assets		
Intangible assets, net of accumulated amortization of $457,293 and $432,293, respectively	**42,707**	67,707
Deposits	**100**	100
Total other assets	**42,807**	67,807
Total assets	**31,769,807**	31,279,316
Deferred outflows of resources		
Pension deferrals	**356,059**	280,974
OPEB deferrals	**645,887**	190,862
Capacity charges due Southeastern Wayne Sanitary District	**900,586**	916,569
Total deferred outflows of resources	**1,902,532**	1,388,405

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

Eastern Wayne Sanitary District
Statements of Net Position – Proprietary Fund
Exhibit A

June 30,	**2021**	2020
Liabilities		
Current liabilities		
Current maturities of long-term debt	**420,762**	428,416
Accounts payable - trade	**40,961**	60,950
Accounts payable - capital project	**95,161**	53,085
Due to other Districts	**164,000**	164,000
Accrued salaries	**14,210**	12,384
Accrued interest	**9,032**	9,881
Other accrued liabilities	**9,539**	9,036
Payable from restricted assets		
Customer meter deposits	**892,551**	662,605
Customer prepayments	**34,911**	-
Customer advances for construction	**4,587**	107,545
Total current liabilities	**1,685,714**	1,507,902
Long-term liabilities		
Bonds, notes and loans payable	**5,772,657**	6,156,557
Net pension liability	**599,264**	459,614
Total OPEB liability	**2,373,545**	1,702,279
Compensated absences	**36,169**	34,971
Total long-term liabilities	**8,781,635**	8,353,421
Total liabilities	**10,467,349**	9,861,323
Deferred inflows of resources		
Pension deferrals	**10,694**	15,245
OPEB deferrals	**182,427**	214,288
Total deferred inflows of resources	**193,121**	229,533
Net Position		
Net investment in capital assets	**17,335,776**	17,236,880
Unrestricted	**5,676,093**	5,339,985
Total net position	**$ 23,011,869**	$ 22,576,865

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

Eastern Wayne Sanitary District
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Exhibit B

For the Fiscal Years Ended June 30,	**2021**	2020
Operating revenues		
Customer water charges	**$ 2,704,415**	$ 2,914,755
Service charges	**180,191**	113,073
Tap fees	**171,332**	108,639
Connection fees	**35,725**	34,255
Rental income	**74,093**	76,664
Other income	**17,506**	9,858
Total operating revenues	**3,183,262**	3,257,244
Operating expenses		
Board of Commissioners' fees	**22,606**	22,606
Salaries and benefits	**726,620**	658,775
Accounting and auditing	**9,065**	23,904
Professional services	**18,000**	18,000
Office expenses	**63,295**	91,404
Supplies and maintenance	**246,477**	241,353
Tank maintenance	**65,095**	65,095
Utilities	**134,918**	147,024
Insurance	**24,477**	25,543
Depreciation and amortization	**991,403**	975,147
Bank service charges	**23,705**	28,172
Repairs and line location	**106,235**	476,799
Sludge removal and disposal	**36,950**	-
Taps installation	**87,295**	63,580
Telephone and radio	**18,572**	16,331
Auto, truck and travel	**30,098**	29,379
Water testing	**21,153**	16,757
Water purchases	**395,154**	348,216
Water supply plan	**5,000**	4,197
Water rate study	**5,000**	-
Water flushing plan	**25,000**	25,000
GIS mapping	**15,000**	15,000
Other operating expenses	**4,286**	7,045
Total operating expenses	**3,075,404**	3,299,327
Operating income (loss)	**107,858**	(42,083)

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

Eastern Wayne Sanitary District
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Exhibit B

For the Fiscal Years Ended June 30,	**2021**	2020
Nonoperating revenues (expenses)		
Gain on disposal of assets	**19,542**	-
Investment earnings	**2,483**	45,494
Capacity charges	**(15,983)**	(15,422)
Interest expense	**(105,906)**	(115,869)
Total nonoperating expenses	**(99,864)**	(85,797)
Capital contributions		
NC DOT reimbursements	**-**	375,550
Golden Leaf Foundation grant	**225,000**	-
Developers	**202,010**	32,871
Total capital contributions	**427,010**	408,421
Change in net position	**435,004**	280,541
Total net position - beginning	**22,576,865**	22,296,324
Total net position - ending	**$ 23,011,869**	$ 22,576,865

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

Eastern Wayne Sanitary District
Statements of Cash Flows
Proprietary Fund
Exhibit C

For the Fiscal Years Ended June 30,		**2021**		2020
Cash Flows from Operating Activities				
Cash received from customers and users	**$**	**3,342,918**	$	2,839,904
Cash paid for goods and services		**(1,319,197)**		(1,018,949)
Cash paid to employees for services		**(501,808)**		(665,831)
Customer meter deposits		**229,946**		27,170
Net cash provided by operating activities		**1,751,859**		1,182,294
Cash Flows From Capital and Related Financing Activities				
Principal payments on long-term debt		**(391,554)**		(668,855)
Proceeds from sale of assets		**19,542**		-
Interest payments on long-term debt		**(106,755)**		(117,034)
Acquisition and construction of capital assets		**(673,746)**		(174,271)
Customer advances for private construction		**99,053**		32,871
NCDOT reimbursements for construction		**78,332**		375,550
Deposits (refunds) for private construction		**-**		103,872
Proceeds from the issuance of long-term debt		**347,406**		-
Net cash used in capital and related financing activities		**(627,722)**		(447,867)
Cash Flows From Investing Activities				
Interest on investments		**2,483**		45,494
Purchases of investments		**(230,781)**		(652,066)
Net cash used in investing activities		**(228,298)**		(606,572)
Net change in cash and cash equivalents		**895,839**		127,855
Cash - beginning		**4,150,973**		4,023,118
Cash - ending	**$**	**5,046,812**	$	4,150,973

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

Eastern Wayne Sanitary District
Statements of Cash Flows
Proprietary Fund
Exhibit C

For the Fiscal Years Ended June 30,		**2021**		2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	**$**	**107,858**	$	(42,083)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization		**991,403**		975,147
(Increase) decrease in operating assets				
Accounts receivable - trade		**39,017**		10,861
Due from other districts		**131,039**		7,107
Sales tax receivable		**(10,400)**		(4,889)
Prepaid insurance		**153**		(493)
Deferred outflows of resources for LGERS		**(75,085)**		65,868
Deferred outflows of resources for OPEB		**(455,025)**		(99,823)
Increase (decrease) in operating liabilities				
Accounts payable - trade		**(19,989)**		2,311
Accrued salaries		**1,826**		4,052
Other accrued liabilities		**503**		783
Compensated absences		**1,198**		11,498
Due to other districts		**-**		(1,675)
Net OPEB obligation		**671,266**		237,230
Customer meter deposits		**229,946**		27,170
Customer prepayments		**34,911**		-
Net pension liability		**139,650**		15,512
Deferred inflows of resources for LGERS		**(4,551)**		4,878
Deferred inflows of resources for OPEB		**(31,861)**		(31,160)
Net cash provided by operating activities	**$**	**1,751,859**	$	1,182,294
Reconciliation of cash - ending				
Cash	**$**	**4,541,263**	$	3,808,323
Restricted cash		**505,549**		342,650
Total cash	**$**	**5,046,812**	$	4,150,973

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Eastern Wayne Sanitary District (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

Eastern Wayne Sanitary District exists to provide and maintain a water system for the residents within the District. The District is organized under Article 2, Part 2 of the General Statutes of North Carolina, Section 130A-47 to 130A-87. Eastern Wayne Sanitary District is governed by a five member board. These financial statements are comprised solely of the District.

The District is operated by a staff controlling five sanitary districts – Southeastern Wayne Sanitary District, Eastern Wayne Sanitary District, Northwestern Wayne Sanitary District, Belfast-Patetown Sanitary District, and Southwestern Wayne Sanitary District. To reduce reporting requirements, the group employs all personnel through Eastern Wayne Sanitary District. The other four districts reimburse Eastern Wayne Sanitary District for their proportionate share of all joint expenses, including salaries and benefits. See Note III.

B. Basis of Presentation

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Fund Net Position display information about the District. These statements include the financial activities of the District. 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 or ancillary activities.

The District reports the following major proprietary fund:

Water Fund. This fund is used to account for the District's water operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, the District's fund is maintained during the year using the modified accrual basis of accounting.

The proprietary fund is accounted for on the economic resources measurement focus. The 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 District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 District's enterprise fund are charges to customers for water sales. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Data

The District's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. A project ordinance is adopted for a Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for annually budgeted funds and at the project level for the multi-year funds. The District Manager has been granted the authority by the Board to amend the budget between accounts, which do not increase or decrease total revenues or total expenditures as originally adopted. Any revisions that alter the total revenues or expenditures of any fund or change functional appropriations must be approved by the governing board.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

1. Deposits and Investments

All of the District's deposits are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The District may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the District 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 District 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2021, the Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The District pools certain monies from several sources to facilitate disbursement and investment and to maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents, and records them at cost.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in the notes to the financial statements. As of June 30, 2021 and 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's access to 100 percent of their account value in the external investment pool.

3. Accounts Receivable – Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management believes are collectible. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, management has determined an allowance for doubtful accounts is necessary. The amounts presented on the Statements of Net Position are net of allowances totaling $75,245 and $33,639 as of June 30, 2021 and 2020, respectively.

4. Capital Assets

Property, plant and equipment of the District are recorded at original cost at the time of the acquisition or construction. 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. The District capitalizes expenditures for property and equipment in excess of $5,000, except meters, which are expensed as purchased. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Any interest incurred during the construction phase of proprietary

fund type capital assets is reflected in the capitalized value of the asset constructed. Other assets of the District are depreciated using the straight-line basis.

Estimated useful lives, in years, for depreciable assets are as follows:

Asset Class	Estimated Useful Lives
Wells, tanks, and water lines	40 – 50
Buildings	40
Furniture and office equipment	5 – 10
Field equipment	20
Automobiles and light trucks	3
Fences	20

5. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District has three items that meet this criterion – deferrals of pension expense, deferrals of OPEB expense and capacity charges due to Southeastern Wayne Sanitary District. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has two items that meet the criterion for this category - deferrals of pension expense and deferrals of OPEB expense.

6. Restricted Cash, Investments and Receivables

Restricted assets consist of cash deposited from the receipt of meter deposits of $892,551 and $662,605 as of June 30, 2021 and 2020, respectively, advances for construction of $4,587 and $107,545 as of June 30, 2021 and 2020, respectively, customer prepayments of $34,911 and $-0- as of June 30, 2021 and 2020, respectively and funds for debt service payment of $36,000 and $35,000, respectively. Upon termination of service, meter deposits and line construction deposits are applied to any unpaid balance and the remainder refunded to the customer.

7. Long-term Debt

For the proprietary fund types, 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. Long-term debt consists of general obligation bonds issued and loans from certain agencies of the federal government and the State of North Carolina to finance the construction of facilities utilized in the operations of the water system and which are being retired by its resources. All bonds are collateralized by the faith and credit of the District. Principal and interest requirements are appropriated when due.

8. Compensated Absences

The District currently allows its full time employees to accumulate up to thirty days earned vacation leave, and such leave is fully vested when earned. The current portion of accumulated vacation pay and salary related payments have been accrued. At June 30, 2021 and 2020, the District recorded a liability for accrued vacation in the amount of $36,169 and $34,971, respectively. Employees can accumulate an unlimited amount of sick leave. Sick leave does not vest, but unused sick leave can accumulate and at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. Net Position

Net position is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

10. Defined Benefit Pension Plan

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 District's employer contributions are recognized when due and the District 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.

11. Other Post-Employment Benefits (OPEB) Plan

The District's OPEB plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense. Benefit payments are recognized when due and payable with the benefit terms.

12. Estimates

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

10. Recently Issued Financial Accounting Standards

GASB Statement No. 83, Certain Asset Retirement Obligations

In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

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

GASB Statement No. 84, Fiduciary Activities

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. This Statement did not affect the District's financial reporting or financial operations.

GASB Statement No. 87, Leases

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

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

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

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

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

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

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

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being

financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

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

GASB Statement No. 91, Conduit Debt Obligations

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

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

GASB Statement No. 92, Omnibus 2020

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

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, Leases, for interim financial reports

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

The requirements of this Statement are effective as follows:

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

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

GASB Statement No. 93, Replacement of Interbank Offered Rates

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace

financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

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

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

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

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

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

of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

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

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

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

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

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

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

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

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

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

GASB Statement No. 98, The Annual Comprehensive Financial Report

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual

financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The District implemented this statement for the year ended June 30, 2021, which did not have any affect on the District's financial reporting for June 30, 2021.

14. Reclassifications

Certain reclassifications have been made to the 2020 comparative information to conform to the 2021 presentation. Such reclassifications have no effect on change in net position or total net position.

NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the District 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 District's agents in the 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 District, these deposits are considered to be held by the District's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the District or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the District under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The District 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 District complies with the provision of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the District's deposits had a carrying amount of $5,046,152 and a bank balance of $5,095,329. Of the bank balances, up to $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The District maintained $660 in cash on hand at June 30, 2021.

At June 30, 2020, the District's deposits had a carrying amount of $4,150,313 and a bank balance of $4,190,631. Of the bank balances, up to $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The District maintained $660 in cash on hand at June 30, 2020.

2. Investments

As of June 30, 2021, the District had the following investment and maturities:

2021

Investment by Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level I	$ 2,253,940	N/A	AAAm
Total		$ 2,253,940		

As of June 30, 2020, the District had the following investment and maturities:

2020

Investment by Type	Valuation Measurement Method	Book Value	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level I	$ 2,023,159	N/A	AAAm
Total		$ 2,023,159		

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 of debt securities are valued using directly observable, quoted priced (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities of less than 12 months. Also the District's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of less than three years.

Credit Risk: The District limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSRO's); however the District has no formal policy of managing credit risk. The District's investment in the NC Capital Management Trust Governmental

Portfolio carried a credit rating of AAAm by Standard and Poor's and AAA-m by Moody's Investor Services as of June 30, 2021 and 2020.

3. Capital Assets

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

	Beginning Balance 2020	Increases	Decreases	Ending Balance 2021
Capital assets not being depreciated				
Land	$ 788,528	$ -	$ -	$ 788,528
Construction in progress	-	176,172	-	176,172
Total capital assets not being depreciated	788,528	176,172	-	964,700
Capital assets being depreciated				
Utility plant and water lines	35,992,113	202,012	-	36,194,125
Buildings	353,692	-	-	353,692
Furniture and equipment	222,173	-	-	222,173
Field equipment	-	273,777	-	273,777
Utility vehicles	141,330	55,572	38,090	234,992
Tools and equipment	50,411	8,288	-	58,699
Leasehold improvements	198,070	-	-	198,070
Total capital assets being depreciated	36,957,789	539,649	38,090	37,535,528
Less accumulated depreciation				
Utility plant and water lines	13,425,982	903,565	-	14,329,547
Buildings	61,894	8,842	-	70,736
Furniture and equipment	191,994	1,195	-	193,189
Field equipment	-	4,563	-	4,563
Utility vehicles	101,974	33,348	38,090	173,412
Tools and equipment	43,236	1,906	-	45,142
Leasehold improvements	46,299	12,984	-	59,283
Total accumulated depreciation	13,871,379	966,403	38,090	14,875,872
Total capital assets being depreciated, net	23,086,410	(426,754)	-	22,659,656
Total capital assets, net	$ 23,874,938	$ (250,582)	$ -	$ 23,624,356

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance 2019	Increases	Decreases	Ending Balance 2020
Capital assets not being depreciated				
Land	$ 788,528	$ -	$ -	$ 788,528
Construction in progress	3,053,972	202,747	3,256,719	-
Total capital assets not being depreciated	3,842,500	202,747	3,256,719	788,528
Capital assets being depreciated				
Utility plant and water lines	32,701,919	3,290,194	-	35,992,113
Buildings	353,692	-	-	353,692
Furniture and equipment	216,196	5,977	-	222,173
Utility vehicles	141,330	-	-	141,330
Tools and equipment	50,411	-	-	50,411
Leasehold improvements	87,462	110,608	-	198,070
Total capital assets being depreciated	33,551,010	3,406,779	-	36,957,789
Less accumulated depreciation				
Utility plant and water lines	12,533,329	892,653	-	13,425,982
Buildings	53,052	8,842	-	61,894
Furniture and equipment	190,958	1,036	-	191,994
Utility vehicles	68,415	33,559	-	101,974
Tools and equipment	40,934	2,302	-	43,236
Leasehold improvements	34,544	11,755	-	46,299
Total accumulated depreciation	12,921,232	950,147	-	13,871,379
Total capital assets being depreciated, net	20,629,778	2,456,632	-	23,086,410
Total capital assets, net	$ 24,472,278	$ 2,659,379	$ 3,256,719	$ 23,874,938

Construction commitments

The District had an active construction projects as of June 30, 2021.

	Spent-to-date	Remaining Commitment
2014 Water System Improvements	$ 176,172	$ 193,828

Transfer of Customers

During the fiscal year ended June 30, 2003, the District transferred customers and water lines to the City of Goldsboro for $685,000, consisting of cash of $185,000 and rights to 500,000 gallons of water capacity per day at the City's inside rate for an unlimited period of time being valued at $500,000. The potential benefit has been recorded on the District's books as an intangible asset which is being amortized over 20 years.

Summary of Proprietary Fund Intangible Assets – The intangible assets of the District at June 30, 2021 are as follows:

	Cost	Accumulated Amortization
Water capacity	$ 500,000	$ 457,293

Summary of Proprietary Fund Intangible Assets – The intangible assets of the District at June 30, 2020 are as follows:

	Cost	Accumulated Amortization
Water capacity	$ 500,000	$ 432,293

Amortization expense was $25,000 for 2021 and $25,000 for 2020.

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The District is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. District employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The District's contractually required contribution rate for the years ended June 30, 2021 and 2020, was 10.31% and 9.09%, respectively, for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the District were $143,307 and $115,760 for the years ended June 30, 2021 and 2020.

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

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

At June 30, 2021 and 2020, the District reported a liability of $599,264 and $459,614, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 and 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2020 and 2019 utilizing update procedures incorporating the actuarial assumptions. The District's proportion of the net pension liability was based on a projection of the District'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 District's proportion was .01677%, which was a decrease of .00006% from its proportion measured as of June 30, 2019. At June 30, 2019 (measurement date), the District's proportion was .01683%, which was a decrease of .00189% from its proportion measured as of June 30, 2018.

For the years ended June 30, 2021 and 2020, the District recognized pension expense of $203,319 and $200,265, respectively, which has been reported on the statement of revenues, expenses and changes in net position within salaries and benefits. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 75,676	$ -
Changes in assumptions	44,597	-
Net difference between projected and actual earnings on pension plan investments	84,330	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,149	10,694
District contributions subsequent to the measurement date	143,307	-
Total	$ 356,059	$ 10,694

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 78,698	$ -
Changes in assumptions	74,909	-
Net difference between projected and actual earnings on pension plan investments	11,211	-
Changes in proportion and differences between District contributions and proportionate share of contributions	396	15,245
District contributions subsequent to the measurement date	115,760	-
Total	$ 280,974	$ 15,245

For fiscal years ended June 30, 2021 and 2020, $143,307 and $115,760 reported as deferred outflows of resources relate to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension asset in the year ended June 30, 2021 and 2020. The June 30, 2021 amount will be recognized as a decrease of net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2022	$ 55,887
2023	75,812
2024	45,402
2025	24,957
Total	$ 202,058

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

Inflation	3.0 percent
Salary increases	3.5 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 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 information below is based on 30 year expectations developed with the consulting actuary for the 2020 and 2019 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 and 2020 are summarized in the following table:

June 30, 2021		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100.0%	

June 30, 2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability was 7.00% and 7.00% as of June 30, 2020 and 2019, respectively. 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 District's proportionate share of the net pension asset to changes in the discount rate. The following presents the District's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent for June 30, 2021, as well as what the District'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. In addition, the following presents the District's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent for June 30, 2020, as well as what the District'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

For June 30, 2021	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of net pension liability (asset)	$ 1,215,840	$ 599,264	$ 86,845

For June 30, 2020	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of net pension liability (asset)	$ 1,051,222	$ 459,614	$ (32,131)

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 (ACFR) for the State of North Carolina.

2. Other Employment Benefit

The District 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 System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System 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 the benefit may not exceed $50,000 or be less than $25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the District, the District does not determine the number of eligible participants. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. The District considers these contributions to be immaterial.

3. Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of Board policy, Eastern Wayne Sanitary District administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan) on behalf of all the Districts (See Note 1, A for information regarding shared employees and related expenses). The District has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. As of July 1, 2008, the plan provides postemployment healthcare benefits to retirees provided they have at least twenty years of service with the Districts and have reached age sixty. The requirement can also be fulfilled by fifteen years of service with the Districts and five

years with any other local, state or federal government, including military service. The plan reimburses the cost of retiree medical, dental and prescription drug insurance and is funded on a pay as you go basis. The Districts share the full cost of the plan. The HCB Plan is solely in the name of the District which also maintains the reporting requirements associated with payroll and related benefits.

Age	Years of Service
60	At least 20 years of Wayne Water District fulltime service.
60	At least 15 years of Wayne Water District fulltime service plus 5 years of fulltime service with any other local, state, or federal government, including military service.

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

	Number
Inactive employees currently receiving benefits	2
Inactive members entitled to but not yet receiving benefits	-
Active plan members	28
Total	30

Total OPEB Liability

The District's total OPEB liability of $2,373,545 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%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases	3.5% to 7.75%, including inflation
Municipal bond index rate	
Prior measurement date	3.50%
Measurement date	2.21%
Healthcare cost trend	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

The District selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by the Bond Buyer and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	$ 1,702,279
Changes for the year	
Service cost	78,002
Interest	62,075
Changes of benefit terms	-
Differences between expected and actual experience	49,984
Changes of assumptions	494,744
Benefit payments	(13,539)
Net change	671,266
Balance at June 30, 2021	$ 2,373,545

	Total OPEB Liability
Balance at July 1, 2019	$ 1,465,049
Changes for the year	
Service cost	69,402
Interest	56,728
Changes of benefit terms	-
Differences between expected and actual experience	(701)
Changes of assumptions	125,441
Benefit payments	(13,640)
Net change	237,230
Balance at June 30, 2020	$ 1,702,279

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 demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial 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 District, as well as what the District'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:

For June 30, 2021	1% Decrease	Discount Rate (2.21%)	1% Increase
Total OPEB liability	$ 2,933,775	$ 2,373,545	$ 1,943,072

For June 30, 2020	1% Decrease	Discount Rate (3.89%)	1% Increase
Total OPEB liability	$ 2,088,717	$ 1,702,279	$ 1,403,917

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District'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:

For June 30, 2021	1% Decrease	Current	1% Increase
Total OPEB liability	$ 1,904,096	$ 2,373,545	$ 2,998,945

For June 30, 2020	1% Decrease	Current	1% Increase
Total OPEB liability	$ 1,365,727	$ 1,702,279	$ 2,149,715

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

For the years ended June 30, 2021 and 2020, the District recognized OPEB expense of $197,919 and $119,887 which is reported on the statements of revenues, expenses and changes in net position within salaries and benefits. At June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,095	$ 717
Changes in assumptions or other inputs	533,792	181,710
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	$ 645,887	$ 182,427

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 79,515	$ 828
Changes in assumptions or other inputs	111,347	213,460
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	$ 190,862	$ 214,288

At June 30, 2021, the District reported $0 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.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2022	$ 57,842
2023	57,842
2024	57,842
2025	57,842
2026	57,842
Thereafter	174,250
	$ 463,460

4. Deferred Outflows and Inflows of Resources

The District's deferred outflows of resources at June 30, 2021 and 2020 are comprised of the following:

Source	2021	2020
Contributions to pension plan in current fiscal year	**$ 143,307**	$ 115,760
Changes in proportion and differences between employer contributions and proportionate share of contributions	**52,746**	75,305
Net difference between projected and actual earnings on pension plan investments	**160,006**	89,909
OPEB deferrals	**645,887**	190,862
Capacity charges due Southeastern Wayne Sanitary District	**900,586**	916,569
	$ 1,902,532	$ 1,388,405

Deferred informs of resources at June 30, 2021 and 2020 are comprised of the following:

Source	2021	2020
Pension deferrals	**$ 10,694**	$ 15,245
OPEB deferrals	**182,427**	214,288
	$ 193,121	$ 229,533

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contract laborers; and natural disasters.

The District maintains commercial insurance coverage for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

District owned facilities and properties are not located within a designated flood plan. Based upon this designation, the District has not purchased flood insurance through the National Flood Insurance Plan.

In accordance with G.S. 159-29, District employees that have access to $100 or more at any given time of the District's funds are performance bonded through a blanket commercial surety bond. District board members are performance bonded through a commercial surety bond in the amount of $250,000 for each member. The Finance Officer is bonded at $250,000.

6. Long-term Debt

Long-term debt consists of the following at June 30:

Direct Borrowings:	**2021**	2020
State Revolving Fund Loan, $3,000,000, at an interest rate of 2.6%, final maturity May 2022	**$ 150,000**	$ 300,000
NC Department of Environmental Quality, $2,031,734, due in annual principal installments of $165,000 through May 2030, interest at 0%	**2,492,552**	2,620,690
NC Department of Environmental Quality, $262,848, due in annual principal installments of $14,603 plus interest through May 2031, interest at 2.5%	**146,026**	160,629
NC Department of Environmental Quality, $131,328, due in annual principal installments of $7,296 through May 2031, interest at 0%	**72,960**	80,256
NC Department of Environmental Quality, $646,200, due in annual principal installments of $32,310 through May 2033, interest at 0%	**387,720**	420,030
NC Department of Environmental Quality, $166,723, due in annual principal installments of $8,224 through May 2030, interest at 0%	**74,014**	82,238
Water and Sewer Revenue Bonds, $2,164,000, issued October 2013 and sold to USDA, due in annual principal installments beginning June 2016, annual interest of 3.25%, final maturity in June 2053	**1,969,000**	2,004,000
Outstanding balance due Southeastern Wayne Sanitary District for capacity charges equal to 28.04% of annual debt service principal and interest due on USDA debt held in Southeastern Wayne Sanitary District's name	**901,147**	917,130
	6,193,419	6,584,973
Less current maturities	**(420,762)**	(428,416)
	$ 5,772,657	$ 6,156,557

Estimated maturities of long-term debt for the next five fiscal years and thereafter are as follows:

Year Ending June 30,	Maturities	Interest	Total
2022	$ 420,762	$ 100,832	$ 521,594
2023	272,263	94,859	367,122
2024	273,882	92,737	366,619
2025	276,443	90,562	367,005
2026	278,004	88,304	366,308
2027-2031	1,410,768	405,683	1,816,451
2032-2036	1,229,395	343,265	1,572,660
2037-2041	607,667	276,439	884,106
2042-2046	530,278	198,120	728,398
2047-2051	618,317	106,240	724,557
2052-2054	275,640	13,510	289,150
Total	$ 6,193,419	$ 1,810,551	$ 8,003,970

Interest expense incurred by the District for the year ended June 30, 2021 and 2020 was $105,906 and $115,869, respectively.

The District is in compliance with the covenants as to Rates and Charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2014. Section 5.01 of the Bond Order requires the net revenues for each fiscal year shall not be less than one hundred ten percent (110%) of the debt service requirement for such fiscal year.

Operating revenues	$ 3,183,262
Operating expenses *	2,084,001
Operating income	1,099,261
Nonoperating revenues (expenses) **	6,042
Income available for debt service	1,105,303
Debt service, principal and interest paid (Revenue bonds only)	100,130
Subordinated debt service, principal and interest paid	397,330
Revenue bond debt service coverage ratio	1104%
Subordinated debt service coverage ratio	278%

*Per rate covenants, this amount excludes depreciation and amortization expense of $991,403.

**Per rate covenants, total nonoperating revenues (expenses) excludes interest expense of $105,906.

Changes in long-term debt for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance 2020	Increases	Decreases	Ending Balance 2021	Due within one year
State revolving loan	$ 300,000	$ -	$ 150,000	$ 150,000	$ 150,000
NC DEQ	160,629	-	14,603	146,026	14,603
NC DEQ	80,256	-	7,296	72,960	7,296
NC DEQ	82,238	-	8,224	74,014	8,224
NC DEQ	420,030	-	32,310	387,720	32,310
NC DEQ	2,620,690	-	128,138	2,492,552	155,785
USDA - bond	2,004,000	-	35,000	1,969,000	36,000
Due SEWSD	917,130	-	15,983	901,147	16,544
Compensated absences	34,971	1,198	-	36,169	-
Net pension liability	459,614	139,650	-	599,264	-
Total OPEB liability	1,702,279	671,266	-	2,373,545	-
Total	$ 8,781,837	$ 812,114	$ 391,554	$ 9,202,397	$ 420,762

Changes in long-term debt for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance 2019	Increases	Decreases	Ending Balance 2020	Due within one year
2016 Refunding bonds	$ 242,000	$ -	$ 242,000	$ -	$ -
State revolving loan	450,000	-	150,000	300,000	150,000
NC DEQ	175,232	-	14,603	160,629	14,603
NC DEQ	87,552	-	7,296	80,256	7,296
NC DEQ	90,462	-	8,224	82,238	8,224
NC DEQ	452,340	-	32,310	420,030	32,310
NC DEQ	2,438,284	347,406	165,000	2,620,690	165,000
USDA - bond	2,038,000	-	34,000	2,004,000	35,000
Due SEWSD	932,552	-	15,422	917,130	15,983
Compensated absences	23,473	11,498	-	34,971	-
Net pension liability	444,102	15,512	-	459,614	-
Total OPEB liability	1,465,049	237,230	-	1,702,279	-
Total	$ 8,839,046	$ 611,646	$ 668,855	$ 8,781,837	$ 428,416

7. Contingent Liabilities

At June 30, 2021, the District was not a defendant in any lawsuits.

NOTE III – INTERLOCAL AGREEMENT

The District, Belfast-Patetown Sanitary District, Northwestern Wayne Sanitary District, Southeastern Wayne Sanitary District, and Southwestern Wayne Sanitary District operate under an agreement, whereby certain expenses which benefit all of the Districts, are shared proportionately. Each year the Districts establish a scale, based in part on net income, for determining the respective share of joint expenses.

As stated in Note I, Eastern Wayne Sanitary District employs all personnel and the other Districts reimburse Eastern Wayne Sanitary District according to the predetermined scale. Amounts expected by the Eastern Wayne Sanitary District from Belfast-Patetown Sanitary District, Northwestern Wayne Sanitary District, Southeastern Wayne Sanitary District, and Southwestern Wayne Sanitary District at June 30, 2021 and 2020 were $51,244 and $182,283, respectively. These amounts relate to various expenses such as utilities, water testing, and line maintenance.

Although the Districts operate independently, there are times when shared costs, exclusive of those outlined in the previous paragraph, are owed from or owed to another District. Amounts payable from the District to the other Districts totaled $164,000 at the years ended June 30, 2021 and 2020, respectively.

The following table outlines amounts due to / from the District to / from Belfast-Patetown Sanitary District, Northwestern Wayne Sanitary District, Southeastern Wayne Sanitary District, and Southwestern Wayne Sanitary District at June 30, 2021 and 2020:

Fiscal year ended June 30, 2021	Receivable	Payable	Exhibit A
Eastern Wayne Sanitary District	$ 51,244	$ (164,000)	$ (112,756)
Belfast-Patetown Sanitary District	(19,906)	62,000	42,094
Northwestern Wayne Sanitary District	(7,909)	20,000	12,091
Southeastern Wayne Sanitary District	(20,207)	72,000	51,793
Southwestern Wayne Sanitary District	(3,222)	10,000	6,778
	$ -	$ -	$ -

Fiscal year ended June 30, 2020	Receivable	Payable	Exhibit A
Eastern Wayne Sanitary District	$ 182,283	$ (164,000)	$ 18,283
Belfast-Patetown Sanitary District	(68,429)	62,000	(6,429)
Northwestern Wayne Sanitary District	(23,362)	20,000	(3,362)
Southeastern Wayne Sanitary District	(78,566)	72,000	(6,566)
Southwestern Wayne Sanitary District	(11,926)	10,000	(1,926)
	$ -	$ -	$ -

Under this shared expense agreement, each District owes Eastern Wayne Sanitary District amounts related to the OPEB plan as well as costs related to the Local Government Employees' Retirement System (LGERS). Due to Eastern Wayne Sanitary District having the reporting requirements associated with payroll and benefits, the OPEB plan, and the LGERS plan being in the name of Eastern Wayne Sanitary District, the other four districts will reimburse Eastern Wayne Sanitary District for its respective share of any OPEB costs. The amounts shown for 2021 and 2020 within Note III,B,1 and II,B,4 are presented in their entirety and represent the totals of the plan.

Per an agreement dated September 17, 2009 between the District and Southeastern Wayne Sanitary District, the District is to pay 28.04% of the debt service related to expansion of the water treatment plant. Annual payments due Southeastern Wayne Sanitary District will continue over the life of the loan. During the year ended June 30, 2021 and 2020, the District made total principal payments of $15,983 and $15,422, respectively. During the year ended June 30, 2021 and 2020, the District made total interest payments of $29,808 and $30,310, respectively. Total amounts due over

the life of the loan are included in the schedule of long-term debt. With respect to recording this transaction, the District has a deferred outflow of resources whereby capacity charge expense is recognized as payments are made to Southeastern Wayne Sanitary District. At June 30, 2021 and 2020, deferred outflows of resources was $900,586 and $916,569, respectively.

NOTE IV – LEASE INCOME

The District's leasing operations consists principally of sign rental and is shared equally among all Districts. The rental agreement outlines payments through November 2029 as shown in the following table. This table outlines the total payments and the Districts share of the payments. For the fiscal years ended June 30, 2021 and 2020, lease income under this agreement, included within other income, was $653 and $300, respectively.

Future minimum lease income is as follows:

Year Ending June 30,	100% Total	20% Share
2022	$ 3,329	$ 666
2023	3,396	679
2024	3,464	693
2025	3,533	707
2026	3,604	721
Thereafter	9,337	1,867
Total	$ 26,663	$ 5,333

In addition to the above leasing arrangement, the District also leases water tower space and bill-board rent as outlined in the below table:

Year Ending June 30,	Verizon Wireless	US Cellular	Riley Outdoor	Total
2022	$ 40,056	$ 31,071	$ 3,329	$ 74,456
2023	40,056	32,856	3,396	76,308
2024	40,056	32,856	3,464	76,376
2025	40,056	32,856	3,533	76,445
2026	42,106	32,856	3,604	78,566
Thereafter	206,140	186,830	11,249	404,219
Total	$ 408,470	$ 349,325	$ 28,575	$ 786,370

NOTE V – SERVICE / LEASE COMMITMENTS

At June 30, 2021, the District had five service commitments. The first four commitments are for water tank maintenance and the fifth is for site maintenance. These agreements require annual payments as outlined in the following table:

Year Ending June 30,	Cruse, Crews, Miller, WTP #3, Tank #12 & Kinsey Elevated Tanks	Site Maintenance	Total
2022	$ 65,095	$ 12,600	$ 77,695
2023	65,095	12,600	77,695
2024	65,095	9,450	74,545
2025	65,095	-	65,095
2026	65,095	-	65,095
Thereafter	195,285	-	195,285
Total	$ 520,760	$ 34,650	$ 555,410

NOTE VI– SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE VII – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 6, 2022, the date on which the financial statements were available to be issued and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Eastern Wayne Sanitary District
Required Supplementary Information
Schedules of the Proportionate Share of the Net Pension Liability (Asset) -
Local Government Employees' Retirement System
Last Eight Fiscal Years*

June 30,	**2021**	2020	2019	2018	2017	2016	2015	2014
Eastern Wayne Sanitary District's proportion of the net pension liability (asset) (%)	**0.01677 %**	0.01683 %	0.01872 %	0.01944 %	0.01883 %	0.01944 %	0.01883 %	0.01800 %
Eastern Wayne Sanitary District's proportion of the net pension liability (asset) ($)	**$ 599,264**	$ 459,614	$ 444,102	$ 296,989	$ 412,582	$ 84,508	$ (110,460)	$ 216,969
Eastern Wayne Sanitary District's covered-employee payroll	**$ 1,287,546**	$ 1,246,118	$ 1,222,270	$ 1,175,405	$ 1,171,156	$ 1,044,618	$ 920,793	$ 951,304
Eastern Wayne Sanitary District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	**46.54 %**	36.88 %	36.33 %	25.27 %	35.23 %	8.09 %	(12.00) %	22.81 %
Plan fiduciary net position as a percentage of the total pension liabililty**	**91.63 %**	94.18 %	91.47 %	98.09 %	99.07 %	102.64 %	94.35 %	96.45 %

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. All information available for reporting under current GASB Codification is presented. As information becomes available, it will be included in the above table.

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

Eastern Wayne Sanitary District
Required Supplementary Information
Schedules of Contributions-
Local Government Employees' Retirement System
The District's Contributions
Last Eight Fiscal Years*

June 30,	**2021**	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	**$ 143,307**	$ 115,760	$ 98,663	$ 93,259	$ 86,980	$ 79,892	$ 75,526	$ 72,183
Contributions in relation to the contractually required contribution	**143,307**	115,760	98,663	93,259	86,980	79,892	75,526	72,183
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	**$ 1,389,978**	$ 1,287,546	$ 1,246,118	$ 1,222,270	$ 1,175,405	$ 1,171,156	$ 1,044,618	$ 920,793
Contributions as a percentage of covered-employee payroll	**10.31 %**	8.99 %	7.92 %	7.63 %	7.40 %	6.82 %	7.23 %	7.84 %

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. All information available for reporting under current GASB Codification is presented. As information becomes available, it will be included in the above table.

Eastern Wayne Sanitary District
Other Post-employment Benefits
Required Supplementary Information
Schedules of Changes in the Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 78,002	$ 69,402	$ 64,433	$ 73,638
Interest	62,075	56,728	49,349	43,491
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	49,984	(701)	102,563	(302)
Changes of assumptions	494,744	125,441	(131,092)	(162,889)
Benefit payments	(13,539)	(13,640)	(12,705)	(12,554)
Net change in total OPEB liability	671,266	237,230	72,548	(58,616)
Total OPEB liability - beginning	1,702,279	1,465,049	1,392,501	1451117
Total OPEB liability - ending	$ 2,373,545	$ 1,702,279	$ 1,465,049	1,392,501
Covered payroll	$ 1,221,120	$ 1,163,267	$ 1,163,267	$ 1,077,345
Total OPEB Liability as a percentage of covered payro	194.37%	146.34%	125.94%	129.25%

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%

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. All information available for reporting under current GASB Codification is presented. As information becomes available, it will be included in the above table.

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures – Proprietary Fund
Budget and Actual (Non-GAAP)
Schedule 1

For the Fiscal Year Ended June 30, 2021	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Operating revenues	$ 3,146,500	$ 3,196,700	$ 3,183,262	$ (13,438)
Non-operating revenues				
Other non-operating income	19,200	18,000	-	(18,000)
Interest on investments	32,000	32,000	2,483	(29,517)
Total revenues	3,197,700	3,246,700	3,185,745	(60,955)
Operating Expenditures:				
Board of Commissioners' fees	24,000	24,000	22,606	1,394
Salaries and benefits	615,000	635,000	483,424	151,576
Accounting and auditing	18,000	18,000	9,065	8,935
Professional services	18,000	18,000	18,000	-
Office expenses	105,000	105,500	63,295	42,205
Supplies and maintenance	270,000	300,000	246,477	53,523
Tank maintenance	66,000	66,000	65,095	905
Rent	500	500	-	500
Utilities	160,000	160,000	134,918	25,082
Insurance	30,000	30,000	24,477	5,523
Bank service charges	30,000	30,000	23,705	6,295
Repairs and line location	120,000	150,000	106,235	43,765
Taps installation	50,000	120,000	87,295	32,705
Telephone and radio	20,000	20,000	18,572	1,428
Auto, truck and travel	33,000	33,000	30,098	2,902
Water testing	20,000	35,000	21,153	13,847
Water purchases	430,000	430,000	411,137	18,863
Water rate study	5,000	5,000	5,000	-
Water system model	2,600	2,600	-	2,600
Water supply plan	5,000	5,000	5,000	-
Sludge removal and disposal	30,000	37,000	36,950	50
Flushing plan	25,000	25,000	25,000	-
GIS mapping	15,000	15,000	15,000	-
Other operating expenses	11,800	29,300	4,286	25,014
Total operating expenditures	2,103,900	2,293,900	1,856,788	437,112
Budgetary appropriations				
Debt service - principal	458,800	413,000	391,554	21,446
Debt service - interest	77,000	106,900	106,755	145
Capital outlay	398,000	398,000	63,859	334,141
Contigency	160,000	34,900	-	34,900
Total budgetary appropriations	1,093,800	952,800	562,168	390,632
Total expenditures and appropriations	3,197,700	3,246,700	2,418,956	827,744
Revenues over (under) expenditures and appropriations	$ -	$ -	$ 766,789	$ 766,789

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures – Proprietary Fund
Budget and Actual (Non-GAAP)
Schedule 1

For the Fiscal Year Ended June 30, 2021		**Actual**
Reconciliation from budgetary basis (modified accrual) to full accrual basis:		
Revenues over (under) expenditures and appropriations	$	766,789
Budgetary appropriations		
Debt service - principal		391,554
Capital outlay		63,859
Gain on disposal of assets		19,542
Depreciation and amortization		(991,403)
Capital contributions		427,010
Decrease in accrued interest		849
Increase in deferred outlfows of resources - pensions		75,085
Increase in deferred inflows of resources - pensions		4,551
Increase in net pension liability		(139,650)
Increase in deferred outlfows of resources - OPEB		455,025
Decrease in deferred inflows of resources - OPEB		31,861
Increase in total OPEB liability		(671,266)
Increase in accrued vacation pay		1,198
Change in net position	$	435,004

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Standby Power Systems Capital Project #183 and #193
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 2

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Golden Leaf Foundation grant	$ 225,000	$ -	$ 225,000	$ 225,000	$ -
Total revenues	225,000	-	225,000	225,000	-
Expenditures:					
Construction	213,754	-	224,778	224,778	(11,024)
Contingency	2,000	-	-	-	2,000
Engineering	27,000	-	27,000	27,000	-
Technical services	22,000	-	22,000	22,000	-
Legal, permit and administration	450	-	-	-	450
Total expenditures	265,204	-	273,778	273,778	(8,574)
Other financing sources					
EWSD local contributions	40,204	-	48,778	48,778	8,574
Total other financing sources	40,204	-	48,778	48,778	8,574
Revenues and other financing sources over (under) expenditures	$ -	$ -	$ -	$ -	$ -

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water Treatment Plant 4 – Structure Modifications
Capital Project #170
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 3

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	$ 183,000	$ -	$ -	$ -	$ 183,000
Contingency	1,104	-	-	-	1,104
Engineering design / planning	17,586	-	-	-	17,586
Engineering construction	12,810	-	-	-	12,810
Total expenditures	214,500	-	-	-	214,500
Other financing sources					
EWSD local contributions	214,500	-	-	-	(214,500)
Total other financing sources	214,500	-	-	-	(214,500)
Expenditures over (under) other financing sources	$ -	$ -	$ -	$ -	$ -

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water Treatment Plant 4 – Sodium Hydroxide Feed System
Capital Project #192
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 4

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	$ 299,500	$ -	$ 176,173	$ 176,173	$ 123,327
Contingency	8,050	-	-	-	8,050
Engineering	36,950	-	-	-	36,950
Technical service	25,500	-	-	-	25,500
Total expenditures	370,000	-	176,173	176,173	193,827
Other financing sources					
EWSD local contributions	370,000	-	176,173	176,173	(193,827)
Total other financing sources	370,000	-	176,173	176,173	(193,827)
Expenditures over (under) other financing sources	$ -	$ -	$ -	$ -	$ -

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Spring Forest Subdivision – Section 3 (24 Lots)
Capital Project #191
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 5

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	$ 46,473	$ -	$ 45,829	$ 45,829	$ 644
Contingency	-	-	-	-	-
Engineering	4,810	-	4,743	4,743	67
Inspection	3,485	-	3,437	3,437	48
GPS As-Builts	2,324	-	2,291	2,291	33
Total expenditures	57,092	-	56,300	56,300	792
Other financing sources (uses)					
Private developer	57,092	57,092	-	57,092	-
Private developer refunds	-	-	(792)	(792)	(792)
Total other financing sources	57,092	57,092	(792)	56,300	(792)
Expenditures over (under) other financing sources	$ -	$ 57,092	$ (57,092)	$ -	$ -

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Spring Forest Subdivision – Sections 4 and 5 (52 Lots)
Capital Project #196
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 6

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	$ 67,213	$ -	$ -	$ -	$ 67,213
Contingency	1,000	-	-	-	1,000
Engineering	6,956	-	-	-	6,956
Inspection	5,041	-	-	-	5,041
GPS As-Builts	3,361	-	-	-	3,361
Permit	150	-	-	-	150
Total expenditures	83,721	-	-	-	83,721
Other financing sources					
Private developer	83,721	-	4,587	4,587	(79,134)
Total other financing sources	83,721	-	4,587	4,587	(79,134)
Expenditures over (under) other financing sources	$ -	$ -	$ 4,587	$ 4,587	$ 4,587

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Mira Branch Subdivision (Lots 20-29 and 65-69)
Capital Project
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 7

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	$ 28,420	$ -	$ -	$ -	$ 28,420
Contingency	1,000	-	-	-	1,000
Engineering	2,941	-	-	-	2,941
Inspection	2,132	-	-	-	2,132
GPS As-Builts	1,421	-	-	-	1,421
Permit	150	-	-	-	150
Total expenditures	36,064	-	-	-	36,064
Other financing sources					
Private developer	36,064	-	-	-	(36,064)
Total other financing sources	36,064	-	-	-	(36,064)
Expenditures over (under) other financing sources	$ -	$ -	$ -	$ -	$ -

Eastern Wayne Sanitary District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Dobbs County Estates – Section 13 (Lots 119-123)
Capital Project #188
From Inception and for the Fiscal Year Ended June 30, 2021
Schedule 8

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Construction	$ 16,160	$ -	$ 14,726	$ 14,726	$ 1,434
Contingency	1,000	-	-	-	1,000
Engineering	1,673	-	1,524	1,524	149
Technical services	1,212	-	1,104	1,104	108
GPS As-Builts	808	-	737	737	71
Permit	150	-	150	150	-
Total expenditures	21,003	-	18,241	18,241	2,762
Other financing sources					
Private developer	21,003	-	18,241	18,241	(2,762)
Total other financing sources	21,003	-	18,241	18,241	(2,762)
Expenditures over (under) other financing sources	$ -	$ -	$ -	$ -	$ -

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INDEPENDENT AUDITORS' 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*

To the Board Members of the
Eastern Wayne Sanitary District
Goldsboro, 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 Eastern Wayne Sanitary District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Eastern Wayne Sanitary District's basic financial statements and have issued our report thereon dated January 6, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Wayne Sanitary District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Wayne Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Eastern Wayne Sanitary District'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 internal control was for the limited purpose 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 Eastern Wayne Sanitary District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 did not disclose any instances of noncompliance 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 results 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.

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

Goldsboro, North Carolina
January 6, 2022