

**Engelhard Sanitary District
Engelhard, North Carolina**

**FINANCIAL STATEMENTS
&
INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2021

District Board Members

**JoAnn Spencer – Chairman
Jay Eakes – Vice Chairman
Tommy Etheridge – Finance Officer
Beadie Gibbs - Secretary**

**Engelhard Sanitary District
Engelhard, North Carolina**

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June 30, 2021**

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Independent Auditor's Report

To the Honorable Chairman and Members of the District Board
Engelhard Sanitary District
Engelhard, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the Engelhard Sanitary District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 District as of June 30, 2021, and the changes in financial position and cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

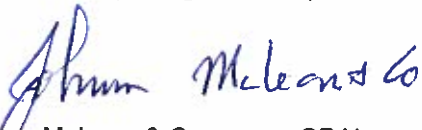
Accounting principles generally accepted in the United States of America require that the management's discussion and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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 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 to provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary schedule, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. It has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, on our consideration of the Captive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Johnson, McLean & Company, CPA's
Murfreesboro, North Carolina

November 15, 2022

Management's Discussion and Analysis

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

Financial Highlights

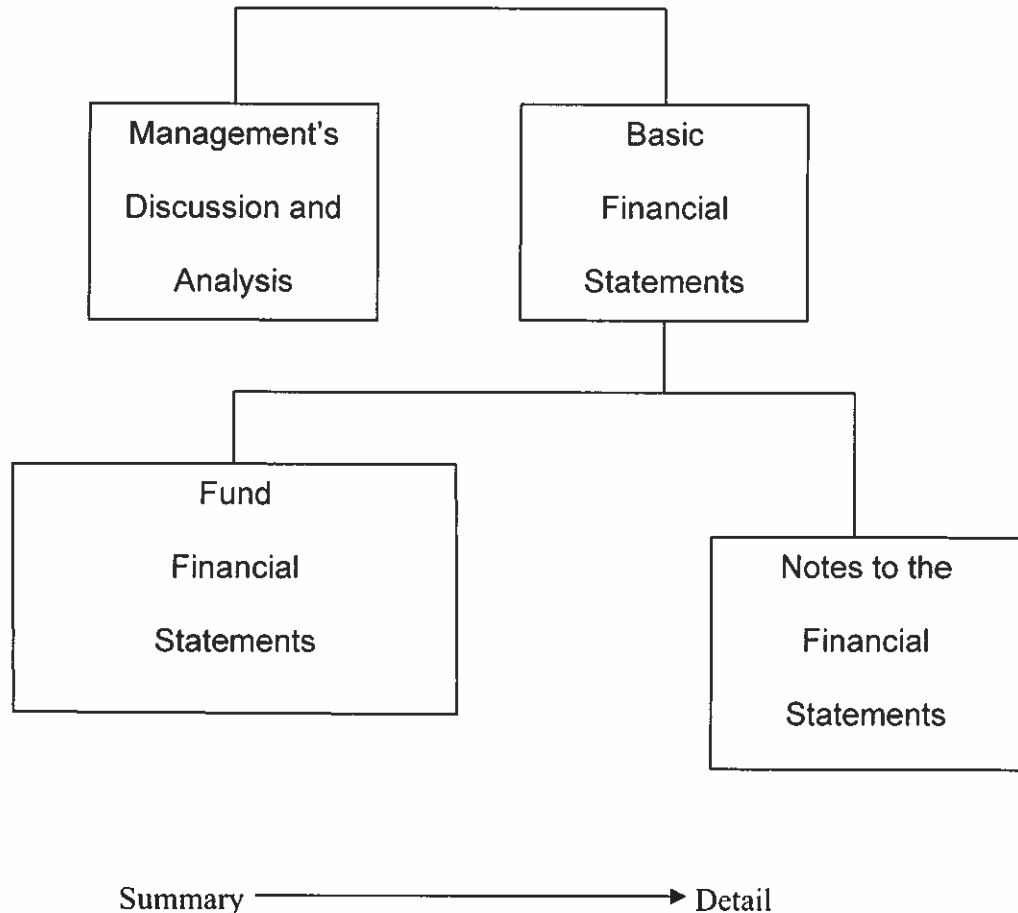
- The assets of the Engelhard Sanitary District exceeded its liabilities at the close of the fiscal year by \$2,984,443 (*net position*).
- The Sanitary District's total net position decreased by \$73,348 during the year.
- The Sanitary District's unrestricted part of *net position* is \$25,736 the remainder is Net investment in capital assets.
- Total liabilities at the close of the fiscal year was \$938,085 of which \$885,000 is classified as long-term note payables.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Engelhard Sanitary District's basic financial statements. The Sanitary District's basic financial statements consist of two components; 1) fund financial statements, and 2) notes to the financial statements (see Figure 1). In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Engelhard Sanitary District.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first three statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Sanitary District's government. The Fund Financial Statements are for the proprietary fund statements.

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

Management Discussion and Analysis
Engelhard Sanitary District

Fund Financial Statements

The fund financial statements provide a more detailed look at the Sanitary District’s most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Engelhard Sanitary District, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Sanitary District’s budget ordinance. All of the funds of the Engelhard Sanitary District are business-type funds.

Proprietary Funds

Engelhard Sanitary District has one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the financial statements. Engelhard Sanitary District uses enterprise funds to account for its sewer operations. These funds are the same as the functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

The Engelhard Sanitary District’s Net Position
Figure 2

	Business Type Activities	
	2021	2020
Assets:		
Current and other assets	\$ 61,821	\$ 50,913
Capital assets	3,860,707	3,964,138
Total Assets	3,922,528	4,015,051
Liabilities:		
Long-term liabilities outstanding	885,000	902,000
Other liabilities	53,085	55,260
Total Liabilities	938,085	957,260
Net position:		
Invested in capital assets, net of related debt	2,958,707	3,045,138
Restricted	-	-
Unrestricted	25,736	12,653
	\$ 2,984,443	\$ 3,057,791

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Engelhard Sanitary District exceeded liabilities by \$2,984,443 as of June 30, 2021. The Sanitary District’s net position decreased by \$73,348 for the fiscal year ended June 30, 2021. The Sanitary District’s investment in capital assets (e.g., land, machinery, and equipment); less any related debt still outstanding that was

Management Discussion and Analysis
Engelhard Sanitary District

issued to acquire those items was \$2,958,707, or 99.1% at year end. The Engelhard Sanitary District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Engelhard Sanitary District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of the Engelhard Sanitary District's net position \$25,736 (.9%) is unrestricted.

Engelhard Sanitary District Changes in Net Position

Figure 3

	Business Type	
	Activities	
	2,021	2,020
Revenues:		
Charges for services	\$ 228,186	\$ 216,606
Other operating revenues	11,656	1,754
Non-operating revenues	37,489	81,202
Total revenues	<u>277,331</u>	<u>299,562</u>
Expenses:		
Operating expenses	334,909	407,174
Interest	15,770	15,375
Total expenses	<u>350,679</u>	<u>422,549</u>
Increase (decrease) in net position	(73,348)	(122,987)
Net position, July 1	3,057,791	3,302,429
Prior period adjustment	-	(121,651)
Net position, June 30	<u>\$ 2,984,443</u>	<u>\$ 3,057,791</u>

Business-type Activities. Business-type activities decreased the Sanitary District's net position by \$73,348. Revenues were \$22,231 less than the previous year. Expenses were \$71,870 less than the previous year.

Financial Analysis of the Sanitary District's Funds

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

Management Discussion and Analysis
Engelhard Sanitary District

Proprietary Funds. The Engelhard Sanitary District’s proprietary funds provide the same type of information found as you would find in a government-wide statements but in more detail. Unrestricted net position of the Sanitary District’s Fund at the end of the fiscal year amounted to \$25,736. Other factors concerning the finances of this fund have already been addressed in the discussion of the Engelhard sanitary District’s business-type activities.

Capital Asset and Debt Administration

Capital assets. The Engelhard Sanitary District’s investment in capital assets for its governmental type activities and total activities as of June 30, 2021, totals \$3,860,707 (net of accumulated depreciation). These assets include land and sewer system.

The Sanitary District did not have any acquisitions or disposals during the year.

Engelhard Sanitary District’s Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities 2021	Business-Type Activities 2020
Land	\$ 300,290	\$ 300,290
Sewer System	3,560,417	3,663,848
Total	<u>\$ 3,860,707</u>	<u>\$ 3,964,138</u>

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

Long-term Debt. As of June 30, 2021, the Engelhard Sanitary District had total notes payable outstanding of \$902,000 compared to \$919,000 the previous year. The decrease was due to installment payments on the debt.

Economic Factors

Management Discussion and Analysis
Engelhard Sanitary District

The Sanitary District receives its support from users of the sewer system located in Engelhard, NC. Reductions in the number of users or level of collection from users could influence the district's operations.

Requests for Information

This report is designed to provide an overview of the Sanitary 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:

Engelhard Sanitary District
PO Box 579
Engelhard, NC 27824

BASIC FINANCIAL STATEMENTS

**Engelhard Sanitary District
Engelhard, North Carolina
Statement of Net Position
June 30, 2021**

Assets

Current assets

Cash	\$	43,853
Cash - restricted		688
Accounts receivable (net)		17,280
Total current assets		61,821

Noncurrent Assets

Land		300,290
Other capital assets, net of depreciation		3,560,417
Total capital assets		3,860,707

Total assets	\$	3,922,528
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Liabilities

Current liabilities

Accounts payable & accrued liability		3,585
Customer deposits	\$	32,500
Current portion of long-term debt		17,000
Total current liabilities		53,085

Long-term liabilities

Note payable (net of current portion)		885,000
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Total liabilities		938,085
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Net position

Net investment in capital assets		2,958,707
Unrestricted		25,736
Total net position	\$	2,984,443

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

Engelhard Sanitary District
Engelhard, North Carolina
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

Operating revenues:	
Charges for services:	
Sewer fees	\$ 228,186
Billable repair	1,140
Other operating revenues	10,516
Total operating revenues	<u>239,842</u>
Operating expenses:	
Accounting & legal	3,211
Contract labor	24,000
Depreciation	103,431
Repairs and maintenance	39,464
Enviro-tech (management fees and repairs)	9,337
Administrative	73,829
Permits and drainage fees	5,782
Utilities	10,610
Insurance	10,719
Lab testing & supplies	38,559
Other operation expenses	15,967
Total operating expenses	<u>334,909</u>
Operating income (loss)	(95,067)
Non-operating revenues (expenses)	
Investment earnings	4
Interest expense	(15,770)
Farm rent	37,485
Total non-operating revenues (expenses)	<u>21,719</u>
Change in net position	<u>(73,348)</u>
Net position, beginning of year	3,057,791
Net position - end of year	<u>\$ 2,984,443</u>

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

**Engelhard Sanitary District
Engelhard, North Carolina
Statement of Cash Flows
June 30, 2021**

Cash flows from operating activities:	
Cash received from customers	\$ 238,993
Payments for operating expenses	(233,653)
Net Cash Provided (Used) by Operating Activities	5,340
Cash flows from financing activities	
Loan principal payments	(17,000)
Interest paid on notes	(15,770)
Net cash used by financing activities	(32,770)
Cash flows from investing	
Interest on investments	4
Farm rent	37,485
Net cash provided (used) by investing activities	37,489
Net Increase (decrease) in cash and cash equivalents	10,059
Cash at beginning of the year	34,482
Cash at end of the year	44,541
 Reconciliation of income (loss) from operations to net cash provided (used) by operating activities	
Income (loss) from operations	(95,067)
Adjustments to reconcile income from operations to cash provided (used) by operating activities	
Depreciation	103,431
Decrease accounts payable	(3,024)
Net cash (used) provided by operating activities	\$ 5,340

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

NOTES TO THE FINANCIAL STATEMENTS

Engelhard Sanitary District
Engelhard, North Carolina
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Engelhard Sanitary 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

The Engelhard Sanitary District (the District) is a special-purpose government entity governed by an elected board. The District is fiscally independent; therefore, the District issues basic financial statements. All the activities of the District are accounted for and reported using the accrual basis of accounting.

B. Organizational History

The District was organized under North Carolina General Statutes 130A-48 and 130A-50, implemented by the Commission for Health Services, North Carolina Department of Health and Human Services on November 14, 1997 and by the Hyde County Board of Commissioners thereafter.

The District operates a waste collection and treatment system, to include a spray-field, in Engelhard, North Carolina. The system was constructed with grants administered by the North Carolina Department of Environmental Health and Natural Resources and the North Carolina Rural Economic Development Center, Inc.

C. Basis for Presentation

All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or the change in net assets is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus and Basis of Accounting

The financial statements have been prepared on 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.

E. Budgetary Data

The District's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted each year. Annual appropriations lapse at the fiscal-year end. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. There were no budget amendments during the year. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt the interim budget that covers that time until the annual ordinance can be adopted.

F. Assets, Liabilities and Net Assets

1. Deposits and Investments

All deposits of the District 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

Engelhard Sanitary District
Engelhard, North Carolina
Notes to the Financial Statements
June 30, 2021

2. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers demand deposits and highly liquid investments with a maturity of six months or less when purchased to be cash and cash equivalents.

3. Allowances for Doubtful Accounts

Receivables for sewer operations are shown net of an allowance for doubtful accounts. For purposes of financial statement reporting all receivables over 90-days old are included in the allowance for doubtful accounts.

4. Inventories

Inventories are not maintained for District supplies as the amounts are considered immaterial.

5. Capital Assets

Capital assets (including computer software) are defined by the District as assets with an initial, individual cost of more than a \$1,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value of the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Sewer system	50
Equipment & computer software	5-10

6. Long-Term Obligations

In the proprietary fund, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, are expensed in the reporting period in which they are incurred.

7. Compensated Absences

The District has no policy regarding compensated absences as the district does not maintain any employees.

8. Net Position

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

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. The District did not adopt a budget for the fiscal year ended June 30, 2021. GS 159-28 requires the adoption of a budget annually.

Engelhard Sanitary District
Engelhard, North Carolina
Notes to the Financial Statements
June 30, 2021

B. Excess of Expenditures Over Appropriations

For the fiscal year June 30, 2021, the expenditures of the District exceeded authorized appropriation made by the governing board in the amount of \$248,478. The over expenditures occurred because the District did not adopt a budget.

C. The Town violated State Statute G.S. 159-34 that requires local governments to submit audits four months after the end of the fiscal year. This was due to accounting records not being kept current which prevented the audit from being prepared and submitted in a timely manner.

D. Bank deposits were not made daily as required by GS 159-32. A resolution should be adopted to allow weekly bank deposits.

E. Rural areas of less than 20,000 population are allowed to deal with related parties on transactions of less than \$20,000. A resolution was not adopted to deal with related parties. GS 14-234

III. DETAIL NOTES

A. Assets

1. All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the District's agent in the District'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 agent in the District's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2021 the District's deposits had a carrying amount of \$44,541 and a bank balance of \$58,990. The entire bank balance was covered by federal depository insurance.

2. Investments

The District did not maintain any investments during the year.

3. Receivables – Allowances for Doubtful Accounts

Receivables for sewer operations are shown net of an estimated allowance for doubtful accounts of \$0. Allowances are charged to operations as bad debt expense.

Engelhard Sanitary District
Engelhard, North Carolina
Notes to the Financial Statements
June 30, 2021

4. Capital Assets

A summary of capital assets is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not depreciated				
Land	\$ 300,290	\$ -	\$ -	\$ 300,290
Capital assets being depreciated				
Sewer system	5,171,576	-	-	5,171,576
Total Capital assets	5,471,866	-	-	5,471,866
Less accumulated depreciation for:				
Sewer system	1,507,728	103,431	-	1,611,159
Capital assets, net	<u>\$ 3,964,138</u>	<u>\$ 103,431</u>	<u>\$ -</u>	<u>\$ 3,860,707</u>

B. Liabilities

1. Accounts Payable

Liabilities at year-end consisted of invoices totaling \$3,585 and customer deposits of \$32,500.

2. Pension Plan and Post Employment Obligations

The District did provide pension and Post Employment Benefits.

3. Compensated Absences

The District has no policy for vacation or sick pay or provide for vacation pay.

4. Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to individuals; and natural disasters. The District considers its exposure to loss to be minimal. The District carries general liability in the amount of \$2,000,000 and property coverage of \$56,000.

The District does not maintain flood insurance as the risk of damage is minimal.

The District does not have employees however, in accordance with G.S. 159-29, the District's financial office and board chairman are performance bonded through individual commercial surety bonds for \$50,000.

5. Claims and Judgements

The District had no claims or judgments at year-end.

6. General Obligation Indebtedness

The District's general obligation bonds issued to finance the sewer system and which are being retired by its resources are reported as long-term debt. All general obligation bonds are collateralized by the full faith and credit of the District Principal and interest requirements are appropriated when due.

Engelhard Sanitary District
Engelhard, North Carolina
Notes to the Financial Statements
June 30, 2021

Bond payable at June 30, 2021 are comprised of the following individual issues:

\$692,000, 2018 bonds issued June 1, 2018 due in annual installments plus interest at 1.875 as follows:

Year Ending	Principle	Interest
6/1/2022	\$ 12,000.00	12,281.25
6/1/2023	13,000.00	12,056.25
6/1/2024	13,000.00	11,812.50
6/01/2025 - 6/01/2026	13,000.00	11,568.75
6/01/2027 - 6/01/2031	13,000.00	11,325.00
6/01/2032 - 6/01/2036	71,000.00	52,781.00
6/01/2037 - 6/01/2041	78,000.00	45,881.00
6/01/2042 - 6/01/2046	85,000.00	38,325.00
6/01/2047 - 6/01/2051	93,000.00	30,038.00
6/01/2052 - 6/01/2056	103,000.00	20,944.00
6/01/2056 - 6/01/2058	113,000.00	10,913.00
	48,000.00	1,350.00
	<u>\$ 655,000.00</u>	<u>\$ 259,275.75</u>

\$262,000, 2018 bonds issued September 18, 2018, due in annual installments plus interest at 1.625% as follows:

Year Ending	Principle	Interest
9/1/2022	\$ 5,000.00	4,013.75
9/1/2023	5,000.00	3,932.50
9/1/2024	5,000.00	3,851.25
9/1/2025	5,000.00	3,770.00
9/1/2026	5,000.00	3,689.00
9/18/2027 - 9/18/2031	28,000.00	17,176.00
9/18/2032 - 9/18/2036	30,000.00	14,788.00
9/18/2036 - 9/18/2040	32,000.00	12,334.00
9/18/2041 - 9/18/2045	35,000.00	9,588.00
9/18/2046 - 9/18/2050	38,000.00	6,695.00
9/18/2051 - 9/18/2055	41,000.00	3,494.00
9/18/2056 - 9/18/2058	18,000.00	438.00
	<u>\$ 247,000.00</u>	<u>\$ 83,769.50</u>

Engelhard Sanitary District
Engelhard, North Carolina
Notes to the Financial Statements
June 30, 2021

Annual debt service requirements to maturity for long-term obligation are as follows:

Year Ending	Principle	Interest
6/30/2022	\$ 17,000.00	\$ 16,295.00
6/30/2023	18,000.00	15,988.75
6/30/2024	18,000.00	15,663.75
6/30/2025	18,000.00	15,338.75
6/30/2026	18,000.00	15,014.00
2027 - 2031	99,000.00	69,958.00
2032 - 2036	108,000.00	60,669.00
2037 - 2041	117,000.00	50,659.00
2042 - 2046	128,000.00	39,625.00
2047 - 2051	141,000.00	27,639.00
2052 - 2056	154,000.00	14,406.00
2057 - 2058	66,000.00	1,789.00
	\$ 902,000.00	\$ 343,045.25

Changes in Long-term Debt

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
General Obligation Bonds	\$ 919,000.00	\$ -	\$ 17,000.00	\$ 902,000.00	\$ 17,000.00

IV. SUMMARY DISCLOSURES OF SIGNIFICANT CONTINGENCIES

A. Concentrations

The District receives its support from users of the sewer system location in Engelhard, NC. Slight reductions in the number of users or level of collections from users could have an effect on the District's operations.

V. EVALUATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2022 the date the financial statements were available to be issued.

VI. RELATED PARTY TRANSACTIONS

The following transactions were with related parties:

R.S. Spencer, Inc.	21,475.38
Gibbs Store, LLC	6,172.09
Etheridge Oil & Gas	5,831.25

SUPPLEMENTARY INFORMATION

**Engelhard Sanitary District
Engelhard, North Carolina
Schedules of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Charges for services:			
Sewer fees		\$ 228,186	
Other		11,656	
Total operating revenues		<u>239,842</u>	
Nonoperating revenues			
Investment earnings		4	
Interest expense		(15,770)	
Farm rent		37,485	
Total non operating revenues		<u>21,719</u>	
Total revenues		<u>261,561</u>	
Expenditures:			
Accounting & legal		3,211	
Contract labor		24,000	
Repairs and maintenance		39,464	
Rent		9,337	
Administrative		73,829	
Permits and drainage fees		5,782	
Utilities		10,610	
Insurance		10,719	
Lab testing & supplies		38,559	
Other expenditures		15,967	
Notes payment		17,000	
Subtotal - sewer operations		<u>248,478</u>	
Revenues over (under) expenditures		<u>\$ 13,083</u>	
Reconciliation to full accrual:			
Revenues over (under) expenditures		\$ -	
Reconciling items:			
Note payments		17,000	
Depreciation		<u>(103,431)</u>	
Change in net position		<u>\$ (73,348)</u>	