REVIEWED
By SLGFD at 10:45 am, Oct 19, 2021

First Craven Sanitary District

FINANCIAL REPORT

June 30, 2021

First Craven Sanitary District
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
First Craven Sanitary District
Bridgeton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the First Craven Sanitary District (the "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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 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, based on our audit, 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 respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 and the Local Government Employees' Retirement System's Schedules of the District's Proportionate Share of Net Pension Liability and District Contributions on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the District. The budgetary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the procedures performed as described above, the budgetary schedule is 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 September 27, 2021 on our consideration of the 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 to solely 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 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 the District's internal control over financial reporting and compliance.

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

New Bern, North Carolina
September 27, 2021

As management of the First Craven 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 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 District's financial statements, which follow this narrative.

Financial Highlights

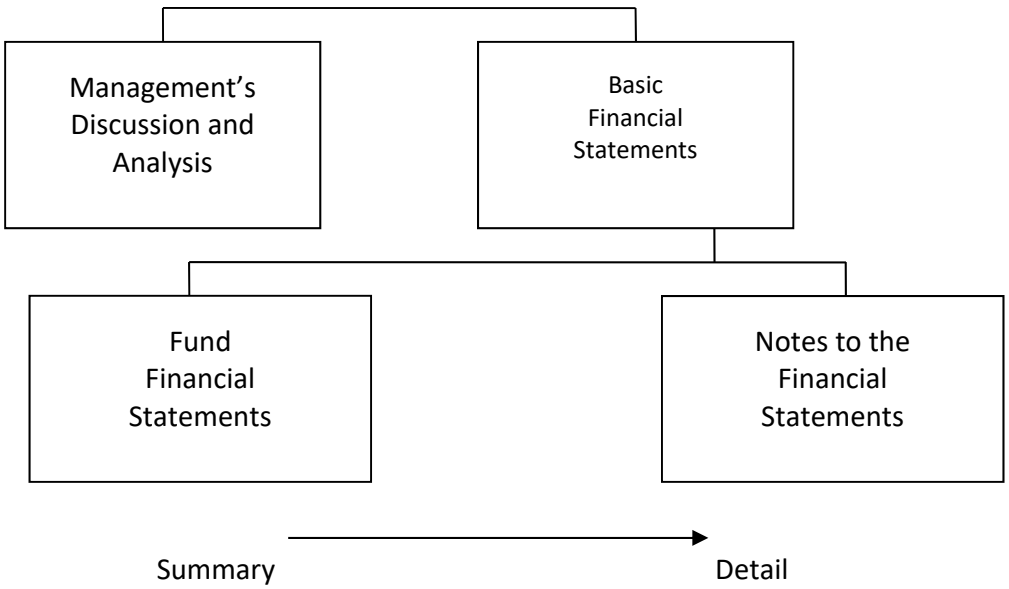
- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $3,433,292 (net position).
- The government's total net position increased by $190,881, due to an increase in operating revenues and cost savings measures in place.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) the MD&A, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). Because the District is a special-purpose government engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the District's most significant activities by focusing on the individual activities of the major fund. 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 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 General Statutes and the District's budget ordinance. All of the District's funds are reported in the proprietary category.

The District adopts an annual budget as required by the General Statute. The budget is a legally adopted document that incorporates input from the citizens served by the District, the management of the District, and the decisions of the Board about which services to provide and how to pay for them. The budgetary statement demonstrates how well the District complied with the budget ordinance and whether or not the District succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the final budget as amended by the board; 2) the actual resources; and 3) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the full accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

The **statement of net position** presents information on all of the District's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The **statement of revenues, expenses and change in net position** present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The **statement of cash flows** deals specifically with the flow of cash and cash equivalents arising from operating, financing and investing activities. Because the District's Statement of Revenues, Expenses and Changes in Fund Net Position are measurement of the flow of total economic resources, operating income usually differs from net cash flow from operations. To enhance the reader's understanding of the difference, the Statement of Cash Flows also include 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 the statement.

The next section of the basic financial statements is in the **notes.** The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data contain in those statements. The notes to the financial statements can be found on pages 13 through 31 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 30 of this report.

Government-Wide Financial Analysis

First Craven Sanitary District's Net Position
Figure 2

June 30,	**2021**	**2020**
Current assets	$ 1,863,019	$ 1,795,893
Capital assets	2,899,980	2,660,965
Total assets	4,762,999	4,456,858
Pension deferrals	50,373	45,477
Total deferred outflow of resources	50,373	45,477
Current liabilities	415,967	235,475
Long-term liabilities	964,113	1,024,449
Total liabilities	1,380,080	1,259,924
Net position		
Net investment in capital assets	1,939,980	1,589,965
Unrestricted	1,493,312	1,652,446
Total net position	$ 3,433,292	$ 3,242,411

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the District exceeded liabilities by $3,433,292 as of June 30, 2021. The District's net position increased by $190,881 for the fiscal year ended June 30, 2021. However, the largest portion (56.50%) of net position reflects the District's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of $1,493,312 is unrestricted.

Several aspects of the District's financial operations influenced its net position components:

- Increase in operating revenues
- Diligence in controlling cost

First Craven Sanitary District's Changes in Net Position
Figure 3

Years ended June 30,	2021	2020
REVENUES		
Charges for services	$ 974,530	$ 947,072
Other revenues	65,636	47,732
Total revenues	1,040,166	994,804
EXPENSES		
Water treatment and distribution	213,900	230,015
Personnel and related costs	291,185	288,767
General and administrative costs	86,071	86,685
Depreciation	214,631	197,002
Total expenses	805,787	802,469
NONOPERATING REVENUES (EXPENSES)		
Interest income	17,408	16,895
Interest expense	(60,906)	(67,894)
Total nonoperating revenues (expenses)	(43,498)	(50,999)
Change in net position	190,881	141,336
Net position - beginning	3,242,411	3,101,075
Net position - ending	$ 3,433,292	$ 3,242,411

Budgetary Highlights

During the fiscal year, the District revised the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

During the year ended June 30, 2021, the District amended its budget due to higher repair costs.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its activities as of June 30, 2021, totals $2,899,980 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of vehicle
- Water plant improvements

First Craven Sanitary District's Capital Assets
(net of depreciation)
Figure 4

June 30,	2021	2020
Land	$ 34,035	$ 34,035
Buildings and systems	2,748,244	2,494,914
Vehicles and Equipment	117,701	132,016
Total	$ 2,899,980	$ 2,660,965

Long-term Debt. As of June 30, 2021, the District had total debt outstanding of $960,000. All of the District's debt represents bonds secured solely by specified revenue sources.

First Craven Sanitary District's Debt
Business-type Activities
Figure 5

June 30,	2021	2020
Bonds payable	$ 960,000	$ 1,071,000
Total debt outstanding	$ 960,000	$ 1,071,000

Budget Highlights for the Fiscal Year Ending June 30, 2022

For fiscal year ending June 30, 2022, there were no rate or fee increased proposed or budgeted. Revenue from the sale of water is expected to not vary much from the previous year. Operating expenses are expected to increase slightly due to increasing prices of supplies. Capital improvements were funded to include renovation of an elevated storage tank.

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 Edward Riggs, Jr. Manager, PO Box 608, Bridgeton, NC 28509. One can call (252) 633-6500, visit our website www.firstcravensanitarydistrict.com or send an email to firstcraven@embarqmail.com for more information.

First Craven Sanitary District
Statement of Net Position
Proprietary Fund
June 30, 2021
Exhibit 1

ASSETS		
Current assets		
Cash and cash equivalents	$	1,549,976
Receivables (net)		115,003
Inventory		111,832
Restricted cash and cash equivalents		86,208
Total current assets		1,863,019
Noncurrent assets		
Capital assets		
Land		34,035
Other capital assets, net of depreciation		2,865,945
Total capital assets		2,899,980
Total assets		4,762,999
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals		50,373
LIABILITIES		
Current liabilities		
Accounts payable		242,341
Other payables		15,418
Current portion of long-term debt		72,000
Payable from restricted assets:		
Customer deposits		86,208
Total current liabilities		415,967
Noncurrent liabilities		
Bonds, notes and loans payable		888,000
Net pension liability		76,113
Total noncurrent liabilities		964,113
Total liabilities		1,380,080
NET POSITION		
Net investment in capital assets		1,939,980
Unrestricted		1,493,312
Total net position	$	3,433,292

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

First Craven Sanitary District
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2021
Exhibit 2

OPERATING REVENUES		
Customer water charges	$	974,530
Reconnection fees		14,595
Tap fees		17,085
Application fees		9,800
Sytem development fees		14,408
Other income		9,748
Total operating revenues		1,040,166
OPERATING EXPENSES		
Water treatment and distribution		213,900
Personnel and related costs		291,185
General and administrative costs		86,071
Depreciation		214,631
Total operating expenses		805,787
Operating income		234,379
NONOPERATING REVENUES (EXPENSES)		
Investment earnings		17,408
Interest charges		(60,906)
Total non-operating revenues (expenses)		(43,498)
CHANGE IN NET POSITION		190,881
Total net position - beginning		3,242,411
Total net position - ending	$	3,433,292

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

First Craven Sanitary District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021
Exhibit 3

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	1,040,300
Cash paid for goods and services		(324,117)
Cash paid to or on behalf of employees for service		(284,417)
Customer deposits received		11,850
Customer deposits returned		(6,200)
Net cash provided by operating activities		437,416
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(233,841)
Principal paid on long term debt		(111,000)
Interest paid on long-term debt		(60,906)
Net cash used by capital and related financing activities		(405,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		17,408
Net cash provided by investing activities		17,408
Net increase in cash and cash equivalents		49,077
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - beginning		1,587,107
Cash and cash equivalents- ending	$	1,636,184
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	234,379
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		214,631
Changes in assets, deferred outlows of resources, and liabilities:		
Accounts receivable		134
Inventory		(18,183)
Deferred outflows of resources		(4,896)
Net pension liability		11,664
Other payables		(5,963)
Customer deposits		5,650
Net cash provided by operating activities	$	437,416

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The First Craven Sanitary District is a political subdivision of the State of North Carolina created under General Statue 130A of the State of North Carolina. The District provides water services to individuals and businesses in Bridgeton, North Carolina, and the adjacent area. The District is governed by an elected Board of five commissioners. As required by generally accepted accounting principles, these financial statements present the financial information of the District.

B. Basis of Presentation

The statement of net position and the statement of revenues, expenses, and changes in net position display information about the primary government. These statements include the financial activities of the District. The District operates as a single-purpose government and reports all activities as one proprietary fund. Proprietary funds are financed in whole or in part by fees charged to external parties.

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

The District reports the following major proprietary fund:

Operating Fund - This fund is used to account for the District's water management operations.

C. Measurement Focus and Basis of Accounting

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

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources measurement focus and 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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

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. Revenues 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 the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for membership fees and services. 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. Project ordinances are adopted for all capital projects. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than $2,500. All amendments must be approved by the governing board. During the year, amendments to the original budget were recorded. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Use of Estimates

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The District's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. Because the NCCMT Government has 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 maximize investment income. 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.

3. Restricted Cash

Customer deposits held by the District before any services are supplied are restricted to the service for which the deposit was collected.

4. 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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Inventory

The inventories of the District are valued at cost (first-in, first-out), which approximates market. The District's inventories consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. The District has a capitalization policy of $5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Operating plant	20-50 years
Vehicles and Equipment	5-10 years
Other Improvements	10 years

7. 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 one item that meets this criterion – pension deferrals.

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 no items that meet this criterion.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Long-Term Obligations

In the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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, 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.

9. Compensated Absences

The vacation policy of the District provides for the accumulation of up to twenty days or 160 hours earned vacation leave annually. Unused vacation leave in the amount of up to thirty days or 240 hours may be carried forward to the following year. Accrued vacation leave in excess of 240 hours will be converted to sick leave at the beginning of each calendar year. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The District has assumed a first-in, first-out method of using accumulated compensated time. The liability for compensated absences is immaterial and has not been recorded.

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

10. Net Position

Net position in proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent 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.

11. Defined Benefit Cost-Sharing 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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Accounting Standards Issued but Not Yet Effective

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 Authority is currently reviewing this statement to determine the effect on the Authority's 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.

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 Authority is currently reviewing this statement to determine the effect on the Authority's 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.

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:

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Accounting Standards Issued but Not Yet Effective (continued)

- 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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Accounting Standards Issued but Not Yet Effective (continued)

Earlier application is encouraged and is permitted by topic. The Authority is currently reviewing this statement to determine the effect on the Authority's 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.

In May 2020, the GASB issued GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 84, Fiduciary Activities
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.
- The effective dates of the following pronouncements are postponed by 18 months:
- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. The requirements of this Statement are effective immediately.

NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

a. 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 $1,635,984 and a bank balance of $1,647,969. Of the bank balances, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the District's petty cash fund totaled $200.

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

b. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 34,035	$ -	$ -	$ 34,035
Total capital assests not being depreciated	34,035	-	-	34,035
Capital assets being depreciated:				
Buildings and systems	6,302,156	440,812	-	6,742,968
Vehicles and Equipment	329,651	12,834	-	342,485
Leasehold improvements	3,387	-	-	3,387
Total capital assets being depreciated	6,635,194	453,646	-	7,088,840
Less accumulated depreciation:				
Buildings and systems	3,807,242	187,482	-	3,994,724
Vehicles and Equipment	197,635	27,149	-	224,784
Leashold improvements	3,387	-	-	3,387
Total accumulated depreciation	4,008,264	214,631	-	4,222,895
Total capital assets being depreciated, net	2,626,930			2,865,945
Total capital assets, net	$ 2,660,965			$ 2,899,980

2. 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 for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS.

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The District employees are required to contribute 6% of their compensation. District contributions are actuarially determined and set annually by the LGERS Board of Trustees. The District's contractually required contribution rate for the year ended June 30, 2021, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the District were $22,418 for the year ended June 30, 2021.

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

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

At June 30, 2021, the District reported a liability of $76,113 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The 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 0.0213%, which was a decrease of 0.00023% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $29,186. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,612	$ -
Changes of assumptions	5,664	-
Net difference between projected and actual earnings on pension plan investments	10,711	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,968	-
Employer contributions subsequent to the measurement date	22,418	-
Total	$ 50,373	$ -

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

$22,418 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2022	$	8,117
2023		10,452
2024		6,216
2025		3,170
	$	27,955

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of 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.

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 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.

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

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, 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:

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Decrease proportionate share of the net pension liability (asset)	$ 154,427	$ 76,113	$ 11,030

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

2. Deferred Outflows and Inflows of Resources

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

Difference between expected and actual experience	$ 9,612
Changes of assumptions	5,664
Net difference between projected and actual earnings on penions plan investments	10,711
Changes in proportion and differences between employer constributions and proportionate share of contributions	1,968
Employer contirbutions subsequent to the measurement date	22,418
	$ 50,373

3. 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 employees; and natural disasters. The District participates in two self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through these pools, the District obtains general liability and auto liability coverage of $2 million per occurrence, and property coverage up to the total insured values of the property policy.

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

3. Risk Management (continued)

The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the District upon request.

The District carries no flood insurance.

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

4. Long-Term Obligation

a. General Obligation Indebtedness

The general obligation bonds serviced by the District were issued for the acquisition and construction of facilities utilized in the operation of the water system and which are being retired by its resources. All general obligation bonds are collateralized by the full faith, credit, and rate setting power of the District. Principal and interest requirements are appropriated when due.

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

$1,900,000, 1996 water bonds due in increasing annual installments through June 2034; interest at 5.75%	$	960,000

NOTE II – DETAIL NOTES ON ALL FUNDS (continued)

a. General Obligation Indebtedness (continued)

Annual debt service payments of the installment purchase as of June 30, 2021 as follows:

Year Ending June 30	Principal	Interest
2022	$ 72,000	$ 55,200
2023	74,000	51,060
2024	74,000	46,805
2025	74,000	42,550
2026	74,000	38,295
2027-2031	370,000	127,650
2032-2034	222,000	25,530
Total	$ 960,000	$ 387,090

b. Long-term Obligations

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
General obligation bonds	$ 1,071,000	$ -	$ 111,000	$ 960,000	$ 72,000
Net pension liability (LGERS)	64,449	11,664	-	76,113	-
Total long-term liabilities	$ 1,135,449	$ 11,664	$ 111,000	$ 1,036,113	$ 72,000

NOTE III – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2021, the date on which the financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain operations of the District may have been affected. The ability of some customers to make payments has and may at times be impacted by the effects of the pandemic. Continued effects of the pandemic may result in uncertainties and a negative impact on operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

First Craven Sanitary District
Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary information
Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
First Craven's proportion of the net pension liability (asset) (%)	0.00213%	0.00236%	0.00257%	0.00275%	0.00288%	0.00219%	0.00310%	0.00310%
First Craven's proportion of the net pension liability (asset) ($)	$ 76,113	$ 64,449	$ 60,968	$ 42,012	$ 61,123	$ 9,604	$ (18,163)	$ 38,572
First Craven's covered-employee payroll	$ 201,231	$ 194,734	$ 189,179	$ 178,410	$ 164,863	$ 166,273	$ 161,738	$ 158,855
First Craven's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.82%	33.10%	32.23%	22.20%	34.26%	5.83%	-10.92%	24.28%
Plan fiduciary net position as a percentage of the total pension liability**	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 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.

First Craven Sanitary District
Schedule of Contributions
Local Government Employees' Retirement System
Required Supplementary information
Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribuion	$ 22,418	$ 19,137	$ 16,406	$ 15,248	$ 14,182	$ 12,345	$ 12,376	$ 11,726
Contributions in relation to the contractually required contribution	22,418	19,137	16,406	15,248	14,182	12,345	12,376	11,726
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
First Craven's covered employees payroll	$ 220,568	$ 201,231	$ 197,434	$ 189,179	$ 178,410	$ 164,863	$ 166,273	$ 161,738
Contributions as a percentage of covered payroll	10.16%	9.51%	8.31%	8.06%	7.95%	7.49%	7.44%	7.25%

First Craven Sanitary District
Schedule of Revenues and Expenditures –Operating Fund
Budget and Actual-(Non-GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance
REVENUES			
Water service revenue		$ 974,530	
Water taps		17,085	
Reconnect fees		14,595	
Application fees		9,800	
System development fees		14,408	
Other revenues		9,748	
Total operating revenues	$ 980,000	1,040,166	$ 60,166
Nonoperating revenues			
Interest income	15,000	17,408	2,408
Total revenues	995,000	1,057,574	62,574
EXPENDITURES			
Water treatment and distribution			
Water treatment supplies		79,760	
Auto, truck and travel		8,222	
Repairs and maintenance		19,748	
Supplies and materials		44,634	
Utilities		40,508	
Water Testing		18,007	
Uniform rental		1,684	
Lab supplies		955	
Other expenditures		382	
Total water treatment and distribution	288,200	213,900	74,300
Personnel and related costs			
Salaries		213,738	
Retirement expense		28,454	
Group insurance		24,273	
Payroll taxes		17,952	
Total personnel and related costs	307,500	284,417	23,083

First Craven Sanitary District
Schedule of Revenues and Expenditures –Operating Fund
Budget and Actual-(Non-GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance
General and administrative costs			
Insurance and bonds		18,731	
Workers compensation		3,685	
Professional services		12,945	
Board member fees		13,219	
Computer services		6,944	
Cleaning services		540	
Bank service charges		164	
Printing services		2,355	
Security		908	
Employee education		500	
Postage		9,086	
Telephone		3,216	
Office supplies		4,045	
Dues and subscriptions		5,166	
Advertising		452	
Other expenditures		4,115	
Total general and administrative costs	106,400	86,071	20,329
Debt service			
Principal		111,000	
Interest		60,906	
Total debt service	174,000	171,906	2,094
Capital outlay	42,095	12,834	29,261
Total expenditures	918,195	769,128	149,067
Revenues over (under) expenditures	76,805	288,446	211,641
OTHER FINANCING USES			
Transfer to Capital Project Fund	224,805	221,007	3,798
Appropriated fund balance	148,000	-	(148,000)
Revenues over (under) expenditures and other financing uses	$ -	$ 67,439	$ 67,439

First Craven Sanitary District
Schedule of Revenues and Expenditures –Operating Fund
Budget and Actual-(Non-GAAP)
For the Year Ended June 30, 2021

Reconciliation from budgetary basis (modified accrual) to full accrual:		
Revenues over (under) expenditures	$	67,439
Reconciling items:		
Capital outlay		12,834
Transfer to capital project fund		221,007
Principal retirement		111,000
Decrease in deferred outflows of resources - pensions		4,896
Increase in net pension liability		(11,664)
Depreciation		(214,631)
Change in net position	$	190,881

First Craven Sanitary District
Schedule of Revenues and Expenditures-
Elevated Tank Rehabilitation Project
Budget and Actual (Non-GAAP)
From Inception and For the Year Ended June 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total To Date	Variance with Final Budget - Positive (Negative)
EXPENDITURES					
Capital outlay					
Contracted services	$ 441,610	$ -	$ 440,812	$ 440,812	$ 798
Total expenditures	441,610	-	440,812	440,812	798
Revenues over (under) expenditures	(441,610)	-	(440,812)	(440,812)	(798)
OTHER FINANCING SOURCES					
Transfer from Operating Fund	441,610	-	221,007	221,007	(220,603)
Net change in fund balance	$ -	$ -	$ (219,805)	$ (219,805)	$ (219,805)

Reconciliation from budgetary basis (modified accrual) to full accrual:	
Revenues over (under) expenditures	$ 67,439
Reconciling items:	
Capital outlay	12,834
Transfer to capital project fund	221,007
Principal retirement	111,000
Decrease in deferred outflows of resources - pensions	4,896
Increase in net pension liability	(11,664)
Depreciation	(214,631)
Change in net position	$ 190,881

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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 of Directors
First Craven Sanitary District
Bridgeton, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the First Craven Sanitary District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the First Craven Sanitary District's basic financial statements, and have issued our report thereon dated September 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the First Craven 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 the First Craven Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control 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 significant or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the First Craven 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

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

New Bern, North Carolina
September 27, 2021