

**REVIEWED**

*By SLGFD at 9:41 am, Mar 04, 2022*

**GOLDSTON-GULF SANITARY DISTRICT  
GOLDSTON, NORTH CAROLINA**

**Financial Statements**

For the Year Ended June 30, 2021



**Strickland Hardee PLLC**  
Certified Public Accountants

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**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
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**For the Year Ended June 30, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

Goldston-Gulf Sanitary District  
Goldston, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Goldston-Gulf Sanitary District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Goldston-Gulf Sanitary District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's 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. 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 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 financial position of Goldston-Gulf Sanitary District as of June 30, 2021, and the changes in its financial position, and its cash flows 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 3 through 6, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 25 and 26 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

The schedule of revenues compared with budget and schedule of expenses compared with budget are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues compared with budget and the schedule of expenses compared with budget are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Strickland Hardee PLLC*

Lexington, North Carolina  
February 28, 2022

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

This section of Goldston-Gulf Sanitary District's (the District) financial report represents our discussion and analysis of the financial performance of the District for the year ended June 30, 2021. This information should be read in conjunction with the audited financial statements included in this report.

**Financial Highlights**

- The District's working capital increased by \$139,276 during the year. This net increase is due to an increase in cash and cash equivalents in FY21.

**Overview of the Financial Statements**

The audited financial statements of the District consist of 4 components. They are as follows:

- *Independent Auditor's Report*
- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Supplementary Information*

The basic financial statements are prepared using the full accrual basis of accounting. They consist of three statements. The first statement is the Statement of Net Position. Assets and liabilities are classified between current and long-term. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement.

The next statement is the Statement of Revenues, Expenditures, and Changes in Net Position. This statement is used in evaluating whether the District has recovered all of its cost through sales. The information is used in determining credit worthiness.

The final required statement is the Statement of Cash Flows. This statement reports cash inflows and outflows in the following categories: operating, capital and related financing, and investing activities. Based on this data, the user can determine the sources of cash, the uses of cash, and the changes in cash.

The notes to the financial statements provide more detailed information that is essential to a full understanding of the data and should be read in conjunction with the statements.

In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information concerning budgeted revenues, budgeted expenses, and the variances between the budgeted amounts and the actual amounts.

The District adopts an annual budget as required by G.S. 159-8. The budget is a legally adopted document that incorporates input from 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 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.

**Financial Analysis of the District**

Net position is an indicator of the fiscal health of the District. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,159,467 on June 30, 2021. The largest component of net position was the net investment in property, plant, and equipment of \$1,324,173.

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

The following is a summary of the Statement of Net Position:

**Table 1**

**Condensed Statement of Net Position**

	6/30/2021	6/30/2020
Current and other assets	\$ 955,520	\$ 756,359
Capital assets	2,696,968	2,487,353
Total assets	<u>3,652,488</u>	<u>3,243,713</u>
Deferred outflows of resources	<u>27,272</u>	<u>22,745</u>
Current liabilities	114,722	54,837
Long-term liabilities outstanding	1,399,718	1,420,216
Total liabilities	<u>1,514,440</u>	<u>1,475,054</u>
Deferred inflows of resources	<u>5,853</u>	<u>4,807</u>
Net Position		
Net investment in capital assets	1,324,173	1,081,137
Unrestricted	835,294	705,460
Total net position	<u>\$ 2,159,467</u>	<u>\$ 1,786,597</u>

Net position increased by \$372,870 (20.9%) from June 30, 2020 to June 30, 2021. The increase was due to construction in progress additions. Unrestricted net position increased by \$129,834 (18.4%) from 2020 to 2021. This increase was due mainly to an increase in cash and accounts receivable, which is all unrestricted.

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

The following is a summary of the Statements of Activities and Changes in Net Position:

**Table 2**

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>6/30/2021</u>	<u>6/30/2020</u>
Operating revenues	\$ 729,440	\$ 444,728
Less, operating expenses	<u>426,734</u>	<u>508,982</u>
Loss from operations	302,706	(64,254)
Non-operating revenues	<u>70,164</u>	<u>63</u>
Changes in net position	<u>372,870</u>	<u>(64,191)</u>
Net position, beginning, as previously reported	1,786,598	1,811,408
Restatement	<u>-</u>	<u>39,381</u>
Net position, beginning, as restated	<u>1,786,598</u>	<u>1,850,789</u>
Net position, ending	<u><u>\$ 2,159,468</u></u>	<u><u>\$ 1,786,598</u></u>

Operating revenues increased by \$284,712 (64.0%) from June 30, 2020 to June 30, 2021. This increase was mainly due to an increase in property taxes received in FY 2021. Operating expenses decreased by \$82,248 (16.2%). This decrease was mainly due to a decrease in interest expense. Non-operating revenues increased \$70,101 from June 30, 2020 to June 30, 2021. This increase was due to USDA Grant amounts that were receivables at year-end.



**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

The following is a summary of Capital Assets:

**Table 3**

**Summary of Changes in Capital Assets**

	6/30/2021	6/30/2020
	<u>                    </u>	<u>                    </u>
Land	\$ 30,586	\$ 30,586
Construction in Progress	1,625,673	1,281,008
Plant	595,275	595,275
Plant improvements	43,279	43,279
Distribution system	3,132,060	3,132,060
Office equipment	6,321	6,321
Maintenance equipment	60,610	60,610
Vehicles	24,100	24,100
	<u>5,517,904</u>	<u>5,173,239</u>
Accumulated depreciation	(2,820,936)	(2,685,886)
	<u><u>\$ 2,696,968</u></u>	<u><u>\$ 2,487,353</u></u>

Capital assets increased \$344,665 from June 30, 2020 to June 30, 2021 due to the construction project in the current year. Accumulated depreciation increased \$135,050 due to current year depreciation.

**Economic Factors**

The Board has recognized that due to the location of the District, and the economic condition of the surrounding communities, only slight increases in water sales are to be expected.

**Requests for Information**

This report is intended to provide a summary of the financial condition of Goldston-Gulf Sanitary District. Questions or requests for additional information should be addressed to:

Goldston-Gulf Sanitary District  
Board of Directors  
P.O. Box 13  
Goldston, North Carolina 27252-001

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## **BASIC FINANCIAL STATEMENTS**

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**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Statement of Net Position**  
**For the Year Ended June 30, 2021**

**Exhibit A**

	<u>2021</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 526,963
Accounts receivable	152,529
Due from other governments	69,476
Prepaid expenses	1,278
Restricted cash/customer deposits	4,600
Investments	200,674
Total current assets	<u>955,520</u>
Non-current assets:	
Land	30,586
Construction in progress	1,625,673
Property, plant, and equipment (net of accumulated depreciation)	1,040,709
Total non-current assets	<u>2,696,968</u>
Total assets	<u>3,652,488</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	<u>27,272</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	72,743
Due to other governments	8,557
Current portion of long-term debt	33,422
Total current liabilities	<u>114,722</u>
Long-term liabilities:	
Customer deposits	4,600
Net pension liability	55,745
Long-term debt, less current maturities	1,339,373
Total long-term liabilities	<u>1,399,718</u>
Total liabilities	<u>1,514,440</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>5,853</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,324,173
Unrestricted	835,294
Total net position	<u>\$ 2,159,467</u>

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

**GOLDSTON-GULF SANITARY DISTRICT**

**Exhibit B**

**Goldston, North Carolina**

**Statement of Revenues, Expenses, and Changes in Net Position**

**For the Year Ended June 30, 2021**

	<b>2021</b>
<b>OPERATING REVENUES</b>	
Water sales and tap fees	\$ 262,481
Sewage services	45,474
Property taxes	333,577
Other income	87,908
Total operating revenues	<u>729,440</u>
<b>OPERATING EXPENSES</b>	
Salaries	83,662
Purchase of water	57,525
Payroll taxes and retirement	23,795
Supplies	9,950
Professional fees	21,619
Insurance	17,793
Utilities	13,415
Office	5,281
Maintenance	15,656
Contract services	6,160
Board per diem fees	7,500
Water analysis	2,780
Conference and travel	1,343
Penalties and permits	150
Interest expense	23,628
Other expenses	1,427
Depreciation	135,050
Total operating expenses	<u>426,734</u>
Income from operations	<u>302,706</u>
<b>NON-OPERATING REVENUES</b>	
USDA grant	69,476
Interest income	688
Total non-operating revenues	<u>70,164</u>
Increase in net position	<u>372,870</u>
Net position, beginning, as previously reported	1,786,597
Restatement	<u>-</u>
Net position, beginning, as restated	<u>1,786,597</u>
Net position, ending	<u><u>\$ 2,159,467</u></u>

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

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

**Exhibit C**

	<u>2021</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 366,755
Cash received from property taxes	333,577
Cash payments to employees	(82,320)
Cash payments for goods and services	(140,490)
Net cash provided by operating activities	<u>477,521</u>
<b>Cash flows from noncapital financing activities:</b>	
USDA Grant	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from long-term debt	-
Payments on long-term debt	(33,422)
Increase in construction in progress	(344,665)
Acquisition of property, plant and equipment	-
Net cash used by capital and related financing activities	<u>(378,087)</u>
<b>Cash flows from investing activities:</b>	
Interest income	15
Net change in cash restricted for customer deposits	600
Purchase of Investments	-
Net cash provided by investing activities	<u>615</u>
Net increase in cash and cash equivalents	100,049
Cash and cash equivalents, beginning of year	<u>431,514</u>
Cash and cash equivalents, end of year	<u><u>\$ 531,563</u></u>

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

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

**Exhibit C**  
**(Continued)**

**Reconciliation of income from operations to net cash provided by operating activities:**

Income from operations	\$ 302,706
 Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	135,050
Cash flows from changes in:	
Increase in accounts receivable	(29,108)
Increase in due from other governments	-
Decrease in prepaid expenses	146
Increase in deferred outflows of resources	(4,527)
Increase in accounts payable and accrued liabilities	59,457
Increase in due to other governments	428
Increase in net pension liability	12,323
Increase in deferred inflow of resources	1,046
Total adjustments	<u>174,815</u>
Net cash provided by operating activities	<u>\$ 477,521</u>
 Supplemental cash flow disclosures:	
Interest paid	<u>\$ 23,628</u>

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

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## NOTES TO THE FINANCIAL STATEMENTS

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**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the District:

Goldston-Gulf Sanitary District (the District) is a public authority within Chatham County, North Carolina. The District was established to provide and maintain the residents in the Goldston-Gulf region of the County with a water treatment and distribution system. The District no longer treats water but purchases the water from the City of Sanford to distribute. The District also provides complete billing, collection, operational, construction administration, and maintenance management services for the Town of Goldston's sewer system. The District, through its contracts and operation personnel, hold the necessary North Carolina regulatory certifications and licenses which are required for operation and maintenance of the Town's sewer system. The District's operations are financed by user fees and property taxes levied on property within the District. The property tax is 15 cents per \$100 valuation of property for the year ended June 30, 2021. Chatham County bills for taxes and collects funds on behalf of the District. The District is governed by a five-person board.

Basis of 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 or revenues earned, expenses incurred, and/or the change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement of Focus and Basis of Accounting:

The proprietary fund financial statements are reported using the economic resources measurement focus. These statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-operating revenues, such as grants and investment income, result from non-exchange transactions. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and grants. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in the District. The principal operating revenues of the District are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water. Operating expenses 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.



**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgetary Data:

The District adopts annual balanced budgets as required by the North Carolina General Statutes. The budget is prepared using the modified accrual basis of accounting. The budget 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 budget can be adopted. Amendments are required for any revisions that alter total expenditures by more than \$5,000. The governing board must approve all amendments. The Local Government and Fiscal Control Act prohibit expenditures in excess of appropriations. All appropriations lapse at the end of each fiscal year. A budget is balanced when estimated revenues and appropriated fund balances equal total appropriations.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Certificates of deposit that mature in more than three months are recorded as investments.

Accounts Receivable:

Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed. The District uses the allowance method to account for uncollectible receivable balances. Under the allowance method, if needed, an estimate of uncollectible customer balances is made based upon specific account balances that are considered uncollectible. As of June 30, 2021, there was no allowance balance deemed necessary by management. Accounts receivable had a balance in the amount of \$152,529 as of June 30, 2021.

Property Taxes:

In accordance with State Law (G.S. 105-347 and G.S. 159-13(A)), the County levies property taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on January 5 (lien date); however, penalties and interest do not accrue until the following day, January 6. The taxes are based on assessed values as of January 1, of the previous year.

Chatham County also bills and collects property taxes on registered motor vehicles. Motor vehicles which are registered under the annual system have taxes due on May 1 of each year; however, interest does not begin to accrue until after June 30. As a result, vehicles registered and billed under the annual system are reported as a receivable on the financial statements and are offset by deferred inflow of resources. For vehicles which are registered under the staggered system, the taxes are recognized as revenue in the fiscal year in which they are due. Uncollected taxes in the staggered system, which were billed during the fiscal year, are recognized as a receivable.

Prepaid Expenses:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets:

Capital assets of the District are recorded at original cost at the time of acquisition. Capital assets donated to the District are recorded at the estimated fair market value at the date of donation. Capital assets are defined by the district as assets with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year.

Depreciation is recorded for each class of depreciable property utilizing the straight-line method over the estimated useful life of the asset.

The estimated useful lives are as follows:

	<u>Useful Life in Years</u>
Land	-
Plant	20-40 years
Plant improvements	20-40 years
Distribution system	20-33 years
Office equipment	5-7 years
Maintenance equipment	5-10 years
Vehicles	3- 5 years

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property, plant, and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

The District reviews capital assets for impairment annually or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if the estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For the year ended June 30, 2021, the District had no impairments.

Deferred 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 two items that meets this criterion – pension related deferrals and contributions made to the pension plan subsequent to the measurement date. 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 an item that meets the criterion for this category – pension related deferrals.

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pensions:

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.

Net Position:

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

Vacation and Sick Leave Compensation:

The District's employees may accumulate up to 15 days of vacation days per year. The employees may not carry forward vacation days from one fiscal year to the next; therefore, no accrual for vacation days is required.

Employees accumulate one-half day of sick leave per month up to five days per fiscal year. The sick leave does not carry forward to fiscal years after it was granted. Therefore, no accrual for sick leave is required.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Significant Violations of Financed – Related Legal and Contractual Provisions:  
None

B. Excess of Expenditures over Appropriations:  
None

C. Deficits in Fund Balance or Net Position of Individual Funds:  
None

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

All the District's deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding 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 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 the District or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the District 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 District has no policy regarding custodial credit risk for deposits.

On June 30, 2021, the District deposits had a carrying amount of \$730,118 and a bank balance of \$732,615. Of the bank balance, \$250,000 was covered by federal depository insurance and \$482,615 was covered by collateral held under the pooling method. On June 30, 2021, the District's petty cash fund totaled \$500, and the undeposited funds balance was \$1,619.

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**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 4 – CAPITAL ASSETS**

Capital assets are stated at cost and are being depreciated over their useful lives on a straight-line basis. Major classifications are summarized below.

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	\$ 30,586	\$ -	\$ -	\$ 30,586
Construction in Progress	1,281,008	344,665	-	1,625,673
Total capital assets not being depreciated	<u>1,311,594</u>	<u>344,665</u>	<u>-</u>	<u>1,656,259</u>
Capital assets being depreciated:				
Plant	595,275	-	-	595,275
Plant improvements	43,279	-	-	43,279
Distribution system	3,132,060	-	-	3,132,060
Office equipment	6,321	-	-	6,321
Maintenance equipment	60,610	-	-	60,610
Vehicles	24,100	-	-	24,100
Total capital assets being depreciated	<u>3,861,645</u>	<u>-</u>	<u>-</u>	<u>3,861,645</u>
Less accumulated depreciation for:				
Plant	593,723	310	-	594,033
Plant improvements	15,998	869	-	16,867
Distribution system	1,989,533	132,679	-	2,122,212
Office equipment	6,321	-	-	6,321
Maintenance equipment	56,211	1,192	-	57,403
Vehicles	24,100	-	-	24,100
Total accumulated depreciation	<u>2,685,886</u>	<u>135,050</u>	<u>-</u>	<u>2,820,936</u>
Total capital assets being depreciated, net	<u>1,175,759</u>			<u>1,040,709</u>
Capital assets, net	<u>\$ 2,487,353</u>			<u>\$ 2,696,968</u>

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Net investment in capital assets at June 30 is calculated as follows:

	2021
Investment in capital assets	\$ 2,696,968
Less: Long-term debt	1,372,795
	<u>\$ 1,324,173</u>

Depreciation expense for the year ended June 30, 2021 was \$135,050.

**NOTE 5 – LONG-TERM DEBT**

The District has contractually obligated itself to repay the following long-term debt as of June 30:

	2021
Unsecured, non-interest bearing note payable to the State of North Carolina, issued September 7, 2010 in the amount of \$228,433. Note is due in annual installments of \$11,422 through May 2, 2030, for construction of a water project.	\$ 102,795
Interest bearing note payable, 1.875% per annum, to the United States Department of Agriculture, Rural Development, issued June 10, 2020 in the amount of \$289,000. Note is due in annual installments ranging from \$5,000 to \$11,000 through June 1, 2060, for construction of a water project.	284,000
Interest bearing note payable, 1.875% per annum, to the United States Department of Agriculture, Rural Development, issued June 10, 2020 in the amount of \$1,003,000. Note is due in annual installments ranging from \$17,000 to \$35,000 through June 1, 2060, for construction of a water project.	986,000
	<u>1,372,795</u>
Less, current maturities	<u>33,422</u>
Long-term debt	<u>\$ 1,339,373</u>

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 5 – LONG-TERM DEBT (Continued)**

Future maturities of long-term debt are as follows:

Years ending June 30:

2022	\$ 33,422
2023	34,422
2024	34,422
2025	34,422
2026	35,422
2027-2031	173,685
2032-2036	139,000
2037-2041	154,000
2041-2046	169,000
2047-2051	185,000
2052-2056	202,000
2057-2060	178,000
	\$ 1,372,795

Change in long-term debt is as follows at June 30, 2020:

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion of Balance
	\$ 1,406,216	\$ -	\$ 33,421	\$ 1,372,795	\$ 33,422
Note Payable					

**NOTE 6 – PENSION PLAN OBLIGATIONS**

Local Government Employee's 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981- 5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 6 – PENSION PLAN OBLIGATIONS (Continued)**

*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. District employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The District's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the District were \$8,212 for the year ended June 30, 2021.

*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 \$55,745 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset 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.



**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 6 – PENSION PLAN OBLIGATIONS (Continued)**

The District's proportion of the net pension asset 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, 2021, the District's proportion was 0.00156%.

For the year ended June 30, 2021, the District recognized pension expense of \$16,229. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,040	\$ -
Changes of assumptions	4,149	-
Net difference between projected and actual earnings on pension plan investments	7,845	-
Changes in proportion and differences between District contributions and proportionate share of contributions	26	5,853
District contributions subsequent to the measurement date	8,212	-
Total	<u>\$ 27,272</u>	<u>\$ 5,853</u>

\$8,212 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ending June 30:</u>	
2022	\$ 3,194
2023	4,944
2024	2,745
2025	2,324
Total	<u>\$ 13,207</u>

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 6 – PENSION PLAN OBLIGATIONS (Continued)**

*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. 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%
Alternative	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 6 – PENSION PLAN OBLIGATIONS (Continued)**

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.

*Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate.* The following presents the District's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, 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%)
District's proportionate share of the net position liability (asset)	\$ 113,101	\$ 55,745	\$ 8,079

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

**NOTE 7 – DEFERRED OUTFLOWS AND INFLOWS OR RESOURCES**

The balance in deferred outflows of resources at year-end is composed of the following:

Differences between expected and actual experience	\$ 7,040
Changes of assumptions	4,149
Net difference between projected and actual earnings on pension plan investments	7,845
Changes in proportion and differences between District contributions and proportionate share of contributions	26
District contributions subsequent to the measurement date	8,212
	<u>\$ 27,272</u>

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2021**

**NOTE 7 – DEFERRED OUTFLOWS AND INFLOWS OR RESOURCES (Continued)**

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

Changes in proportion and differences between District contributions and proportionate share of contributions	<u>\$</u> <u>5,853</u>
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**NOTE 8 – COMMITMENTS**

The District had elected to pay direct costs of North Carolina Employment Securities Commission benefits in lieu of employment security taxes on payroll. As of January 1, 2013, the District began paying employee security taxes on payroll and no longer pays direct costs.

The District's agreement to purchase water from the City of Sanford expired on February 17, 2019. The District continues to purchase water under the old agreement on a month-to-month basis until a new agreement is signed. For the year ended June 30, 2021, the District paid the City of Sanford \$53,484.

The District has entered into an agreement to maintain sewer service for the Town of Goldston on March 14, 2012. The District is responsible for all costs associated with this service initially and is able to seek reimbursement from the Town of Goldston as part of the agreement. As part of its operation of the sewer service, the District is also responsible for billing and remittance of user fees to the Town of Goldston. In return for this the Town of Goldston pays a fee to The District for each meter it services. For the year ended June 30, 2021 this amounted to \$45,474.

**NOTE 9 – 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 has property, general liability, workers' compensation, automobile, directors and officer's liability, and employment practices liability insurance. The District does not maintain flood insurance.

There have been no significant reductions in insurance coverage from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. §159-29, the District has obtained a bond for the finance officer for \$50,000 of coverage as of June 30, 2021.

**NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions February 28, 2022, the date financial statements were available to be issued. No events have taken place that would require disclosure in the financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Schedule of the Districts's Proportionate Share of the Net Pension Liability  
Local Government Employees' Retirement System

Schedule of District Contributions  
Local Government Employees' Retirement System

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**District's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Eight Fiscal Years\***

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017
District's proportion of the net pension liability (asset) (%)	0.00156%	0.00159%	0.00153%	0.00169%	0.00137%
District's proportion of the net pension liability (asset) (\$)	\$ 55,745	\$ 43,422	\$ 36,297	\$ 25,819	\$ 29,076
District's covered-employee payroll	\$ 79,561	\$ 71,390	\$ 68,984	\$ 71,973	\$ 40,328
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.07%	60.82%	52.62%	35.87%	72.10%
Plan fiduciary net position as a percentage of the total pension liability **	88.61%	90.86%	91.63%	98.14%	91.47%
			2016	2015	2014
District's proportion of the net pension liability (asset) (%)			0.00173%	-0.00148%	0.00110%
District's proportion of the net pension liability (asset) (\$)			\$ 16,494	\$ (8,728)	\$ 13,259
District's covered-employee payroll			\$ 33,611	\$ 33,611	\$ 33,611
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll			49.07%	-25.97%	39.45%
Plan fiduciary net position as a percentage of the total pension liability **			98.09%	102.64%	94.35%

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

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

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**District's Contributions**  
**Required Supplementary Information**  
**Last Eight Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 8,212	\$ 7,121	\$ 5,167	\$ 5,211	\$ 3,751
Contributions in relations to the contractually required contribution	8,212	7,121	5,167	5,211	3,751
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 80,903	\$ 79,561	\$ 71,390	\$ 68,984	\$ 71,973
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.24%	7.55%	5.21%
			<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution			\$ 5,003	\$ 5,197	\$ 4,738
Contributions in relations to the contractually required contribution			5,003	5,197	4,738
Contribution deficiency (excess)			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll			\$ 40,328	\$ 33,611	\$ 33,611
Contributions as a percentage of covered-employee payroll			12.41%	15.46%	14.10%

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## **BUDGETARY SCHEDULES**

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**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Schedule of Revenues Compared with Budget**  
**For the Year Ended June 30, 2021**

**Schedule 1**

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
<b>OPERATING REVENUES</b>				
Water sales and tap fees	\$ 262,500	\$ 262,481	\$ (19)	\$ 257,267
Sewage service	45,000	45,474	474	62,753
Property taxes net of allowance	131,596	333,577	201,981	124,708
Miscellaneous income	-	87,908	87,908	(1,917)
Total operating revenues	<u>439,096</u>	<u>729,440</u>	<u>290,344</u>	<u>442,811</u>
<b>NON-OPERATING REVENUES</b>				
Interest income	75	688	613	63
USDA Grant	-	69,476	69,476	-
Total non-operating revenues	<u>75</u>	<u>70,164</u>	<u>70,089</u>	<u>63</u>
Total revenues	<u>\$ 439,171</u>	<u>\$ 799,604</u>	<u>\$ 360,433</u>	<u>\$ 442,873</u>

**GOLDSTON-GULF SANITARY DISTRICT**  
**Goldston, North Carolina**  
**Schedule of Expenses Compared with Budget**  
**For the Year Ended June 30, 2021**

**Schedule 2**

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
<b>OPERATING EXPENSES</b>				
Salaries	\$ 89,500	\$ 83,662	\$ 5,838	\$ 92,746
Purchase of water	71,000	57,525	13,475	64,338
Payroll taxes and retirement	16,800	14,953	1,847	14,047
Supplies	26,000	9,950	16,050	1,054
Professional	27,600	21,619	5,981	22,008
Insurance	26,500	17,793	8,707	28,410
Utilities	16,000	13,415	2,585	17,033
Office	8,150	5,281	2,869	3,794
Maintenance	22,400	15,656	6,744	13,884
Contract services	9,000	6,160	2,840	6,305
Board per diem	7,500	7,500	-	7,500
Water analysis	3,000	2,780	220	2,560
Conference and travel	3,450	1,343	2,107	840
Debt Service	57,100	33,422	23,678	1,297,522
Penalties and permits	1,250	150	1,100	865
Capital Outlay	26,371	-	26,371	-
Water Tower replacement project	344,665	344,665	-	990,524
Interest	23,650	23,628	22	79,078
Other expenses	3,900	1,427	2,473	7,158
Total operating expenses	<u>783,836</u>	<u>660,929</u>	<u>122,907</u>	<u>2,649,666</u>
Revenues over (under) expenses	<u>(344,665)</u>	<u>138,675</u>	<u>483,340</u>	<u>(2,206,793)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,292,000</u>
Appropriated fund balance	<u>344,665</u>	<u>-</u>	<u>(344,665)</u>	<u>-</u>
Revenues and other financing sources over expenses	<u>\$ -</u>	<u>138,675</u>	<u>\$ 138,675</u>	<u>(914,793)</u>
Reconciling items:				
Depreciation		(135,050)		(135,252)
Capital outlay		344,665		990,524
Principal payments		33,422		1,297,522
Proceeds from long-term debt		-		(1,292,000)
Change in pension expense		(8,842)		(10,193)
Total reconciling items		<u>234,195</u>		<u>850,600</u>
Increase in net position		<u>\$ 372,870</u>		<u>\$ (64,192)</u>