

REVIEWED

By SLGFD at 1:57 pm, Jan 10, 2022

**RIEGELWOOD SANITARY DISTRICT
Riegelwood, North Carolina**

**FINANCIAL STATEMENT
Year Ended June 30, 2021**

RIEGELWOOD SANITARY DISTRICT

Riegelwood, North Carolina

BOARD OF COMMISSIONERS

James Hammond – Chairman

Josh Simmons – Vice Chairman

Shonda Carroll – Member

Christian Wright – Member

Michael Lanier – Member

**Riegelwood Sanitary District
Riegelwood, North Carolina
Table of Contents
June 30, 2021**

	<u>Page(s)</u>
Financial Section:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements:	
Exhibits	
Government-wide Financial Statements:	
1	Statement of Net Position 9
2	Statement of Activities 10
Fund Financial Statements:	
<u>Governmental Funds</u>	
3	Balance Sheet - Governmental Funds 11
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 12
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 13
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund 14
	Notes to the Financial Statements 15-21
Individual Fund Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund 22-23
Other Schedules:	
	Schedule of Ad Valorem Taxes Receivable 24
	Analysis of Current Year Tax Levy - District - Wide Levy 25

FINANCIAL SECTION



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Independent Auditor's Report

To the Board of Commissioners
Riegelwood Sanitary District
Riegelwood, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riegelwood Sanitary District, Riegelwood, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riegelwood Sanitary District, Riegelwood, North Carolina, as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Riegelwood Sanitary District, Riegelwood, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements or to 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedule, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

December 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Riegelwood Sanitary District
Management's Discussion and Analysis
June 30, 2021**

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

Financial Highlights

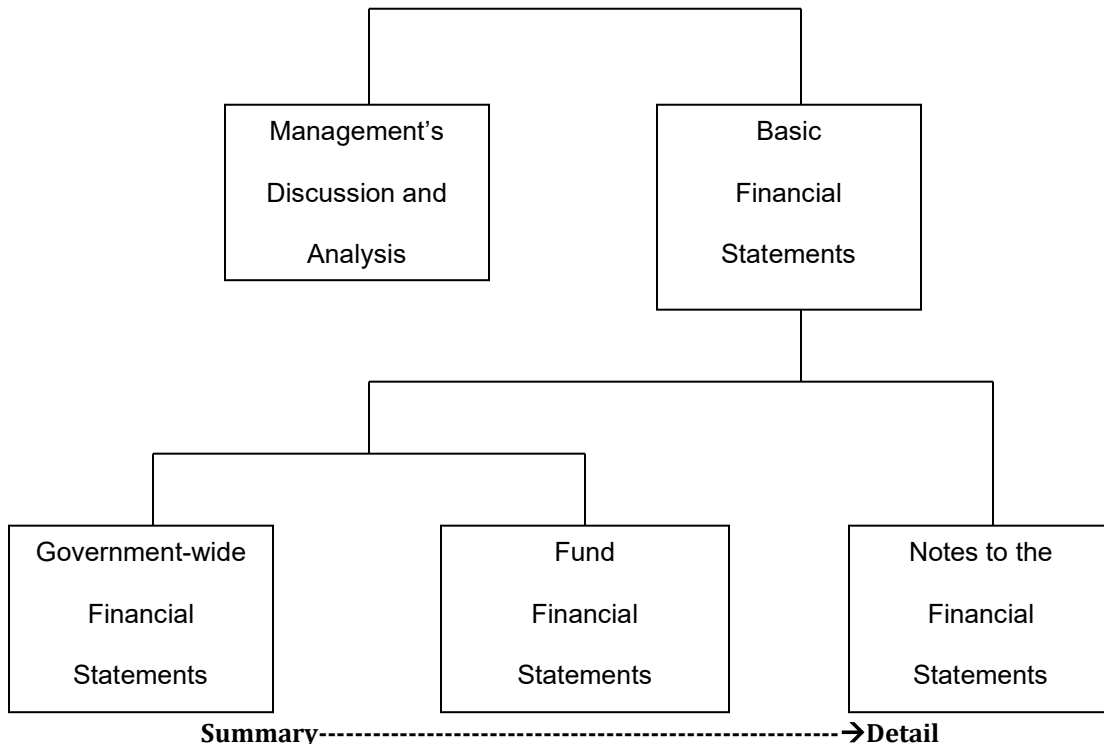
- The assets and deferred outflows of resources of the Riegelwood Sanitary District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$754,398 (*net position*).
- The government's total net position increased by \$11,434.
- As of the close of the current fiscal year, the Riegelwood Sanitary District's governmental fund reported an ending fund balance of \$746,345 with a net increase of \$12,425 in fund balance. The total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$746,345 or 1,114% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Riegelwood Sanitary District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Riegelwood Sanitary District.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the District's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the District's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the District's financial status as a whole.

The two government-wide statements report the District's net position and how it has changed. Net position is the difference between the District's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the District's financial condition.

The government-wide statements consist of one category: 1) governmental activities. The governmental activities include most of the District's basic services such as public safety and general administration. Property taxes and State and federal grant funds finance most of these activities.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Riegelwood Sanitary District, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the District's budget ordinance. All of the funds of Riegelwood Sanitary District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the District's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Riegelwood Sanitary District adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the District, the management of the District, and the decisions of the Board about which services to

Management Discussion and Analysis

Riegelwood Sanitary District

provide and how to pay for them. It also authorizes the District to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund 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 four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow Exhibit 5 of the audit report.

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

Government-Wide Financial Analysis

Riegelwood Sanitary District's Net Position
Figure 2

	Governmental Activities	
	2021	2020
Current and other assets	\$ 749,700	\$ 741,523
Capital assets	6,096	6,374
Total assets and deferred outflows of resources	755,796	747,897
Long-term liabilities outstanding	-	-
Other liabilities	1,398	4,933
Total liabilities and deferred inflows of resources	1,398	4,933
Net position:		
Net Investment in capital assets	6,096	6,374
Restricted	-	-
Unrestricted	748,302	736,590
Total net position	\$ 754,398	\$ 742,964

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 the Riegelwood Sanitary District exceeded liabilities and deferred inflows of resources by \$754,398 as of June 30, 2021. The District's net position increased by \$11,434 for the fiscal year ended June 30, 2021. However, a portion (0.81%), or \$6,096, reflects the District's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Riegelwood Sanitary District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Riegelwood Sanitary District's net investment in 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 \$748,302 is unrestricted.

Management Discussion and Analysis
Riegelwood Sanitary District

Several particular aspects of the District's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.37%.

Riegelwood Sanitary District's Changes in Net Position
Figure 3

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 11,701	\$ 7,700
General revenues:		
Property taxes	66,697	68,246
Other	299	4,258
Total revenues	<u>78,697</u>	<u>80,204</u>
Expenses:		
General government	50,313	50,738
Public safety	16,500	16,500
Environmental protection	450	30
Other	-	-
Total expenses	<u>67,263</u>	<u>67,268</u>
Increase in net position before transfers	11,434	12,936
Transfers	<u>-</u>	<u>203,838</u>
Increase (decrease) in net position	11,434	216,774
Net position, July 1	<u>742,964</u>	<u>526,190</u>
Net position, June 30	<u>\$ 754,398</u>	<u>\$ 742,964</u>

Governmental activities. Governmental activities increased the District's net position by \$11,434. Key elements of this increase are as follows:

- Tax revenues remained steady.

Financial Analysis of the District's Funds

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

Governmental Funds. The focus of the Riegelwood Sanitary District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Riegelwood Sanitary District's financing requirements.

The general fund is the chief operating fund of the Riegelwood Sanitary District. At the end of the current fiscal year, Riegelwood Sanitary District's fund balance available in the General Fund was \$746,345, all of which was unassigned. The Governing Body of Riegelwood Sanitary District has determined that the District should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the District. The District currently has an available fund balance of 1,114% of the general fund expenditures, while total fund balance represents 1,114% of the same amount.

At June 30, 2021, the governmental funds of Riegelwood Sanitary District reported a fund balance of \$746,345, with a net increase in fund balance of \$12,425.

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

Capital Asset and Debt Administration

Capital assets. The Riegelwood Sanitary District's investment in capital assets for its governmental and business type activities as of June 30, 2021, totals \$6,096 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Riegelwood Sanitary District's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities	
	2021	2020
Land	\$ -	\$ -
Buildings and systems	6,096	6,374
Construction in progress	-	-
Total	<u>\$ 6,096</u>	<u>\$ 6,374</u>

Additional information on the District's capital assets can be found in the notes to the Basic Financial Statements.

Management Discussion and Analysis
Riegelwood Sanitary District

Long-term Debt. As of June 30, 2021, Riegelwood Sanitary District has no long-term debt obligation.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the District.

- Property taxes are expected to remain at \$.30 per one hundred dollars valuation of property. The District will use these revenues to finance programs currently in place. No new revenues are anticipated and other current revenue sources remain relatively constant.
- Management continually seeks grants and funding from outside sources to supplement the District's revenue stream.

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 James Hammond, Post Office Box 217, Riegelwood, NC 28456-0217. You can also call 910-655-2523 for more information.

BASIC FINANCIAL STATEMENTS

Riegelwood Sanitary District
Statement of Net Position
June 30, 2021

	Primary Government	
	Governmental	
	Activities	Total
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 747,743	\$ 747,743
Receivables (net)	1,957	1,957
Non-current assets:		
Capital assets:		
Land, improvements, and construction in progress	-	-
Other capital assets, net of depreciation	6,096	6,096
Total capital assets	6,096	6,096
Total assets	755,796	755,796
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	1,398	1,398
Current Portion of long-term liabilities	-	-
Long-term liabilities:		
Due in more than one year	-	-
Total liabilities	1,398	1,398
NET POSITION		
Net investment in capital assets	6,096	6,096
Unrestricted	748,302	748,302
Total net position	\$ 754,398	\$ 754,398

The notes to the financial statements are an integral part of this statement.

**Riegelwood Sanitary District
Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Program Revenues				Expense) Revenue and Changes in Net Po	
					Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 50,313	\$ 11,701	\$ -	\$ -	\$ (38,612)	\$ (38,612)
Public safety	16,500	-	-	-	(16,500)	(16,500)
Environmental protection	450	-	-	-	(450)	(450)
Interest on long-term debt	-	-	-	-	-	-
Total governmental activities	<u>67,263</u>	<u>11,701</u>	<u>-</u>	<u>-</u>	<u>(55,562)</u>	<u>(55,562)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					66,697	66,697
Investment earnings, unrestricted					299	299
Miscellaneous, unrestricted					-	-
Total general revenues excluding transfers and special items					<u>66,996</u>	<u>66,996</u>
Transfers					-	-
Total general revenues, special items, and transfers					<u>66,996</u>	<u>66,996</u>
Change in net position					11,434	11,434
Net position, beginning					742,964	742,964
Net position-ending					<u>\$ 754,398</u>	<u>\$ 754,398</u>

The notes to the financial statements are an integral part of this statement.

**Riegelwood Sanitary District
Balance Sheet
Governmental Fund
June 30, 2021**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 747,743
Receivables, net	<u>1,194</u>
Total assets	<u><u>748,937</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	<u>1,398</u>
Total liabilities	<u><u>1,398</u></u>
 DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>1,194</u>
Total deferred inflows of resources	<u><u>1,194</u></u>
 FUND BALANCES:	
Unassigned	<u>746,345</u>
Total fund balances	<u><u>746,345</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 748,937</u></u>
 Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,096
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	1,194
Other long-term assets (accrued interest from taxes) are not available to pay current period expenditures and therefore are deferred in the funds.	<u>763</u>
Net position of governmental activities	<u><u>\$ 754,398</u></u>

The notes to the financial statements are an integral part of this statement.

Riegelwood Sanitary District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 67,410
Sales and services	11,701
Investment earnings	299
Miscellaneous	-
Total revenues	<u>79,410</u>
EXPENDITURES	
Current:	
General government	50,035
Public safety	16,500
Environmental protection	450
Total expenditures	<u>66,985</u>
Excess (deficiency) of revenues over expenditures	<u>12,425</u>
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	-
Transfers to other funds	-
Installment purchase obligations issued	-
Total other financing sources and uses	<u>-</u>
Net change in fund balance	12,425
Fund balances-beginning	<u>733,920</u>
Fund balances-ending	<u>\$ 746,345</u>

(cont)

Riegelwood Sanitary District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities - General Fund
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 12,425
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(278)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	(713)
Total changes in net position of governmental activities	<u>\$ 11,434</u>

**Riegelwood Sanitary District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2021**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 61,000	\$ 61,000	\$ 67,410	\$ 6,410
Sales and services	9,000	9,000	11,701	2,701
Investment earnings	4,000	4,000	299	(3,701)
Miscellaneous	-	-	-	-
Total revenues	<u>74,000</u>	<u>74,000</u>	<u>79,410</u>	<u>5,410</u>
Expenditures				
Current:				
General government	56,500	56,500	50,035	6,465
Public safety	16,500	16,500	16,500	-
Environmental protection	1,000	1,000	450	550
Total expenditures	<u>74,000</u>	<u>74,000</u>	<u>66,985</u>	<u>7,015</u>
Revenues over (under) expenditures	-	-	12,425	12,425
Other financing sources (uses):				
Installment purchase obligations issued	-	-	-	-
Transfers (to)/from other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	12,425	<u>\$ 12,425</u>
Fund balances:				
Beginning of year, July 1			733,920	
End of year, June 30			<u>\$ 746,345</u>	

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Riegelwood Sanitary District
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Riegelwood Sanitary District is located in the southeastern area of the state and has a population of approximately 450. A five member Board of Commissioners who are elected for terms of four years to coincide with national presidential elections, governs the district. The District operates a water system for the area and supports the local volunteer fire department. Riegelwood Sanitary District does not maintain any component units for which the District is financially accountable.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government entity.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the District. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for administration and public works.

The District does not have any non-major governmental funds.

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.

Government-wide Fund Financial Statements. The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments when applicable. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The District considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the District are recognized as revenue. Sales taxes are considered a shared revenue for the Riegelwood Sanitary District because the tax is levied by the Columbus County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The District's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects and Special Revenue Fund. 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 project level for the multi-year funds. The District Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$2,500; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the District are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The District may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the District may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the District to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The District's investments are 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 bond fund, has no rating and is measured at fair value. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

At present, the District does not maintain any investments.

2. Cash and Cash Equivalents

The District pools money from the general fund to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Ad Valorem Taxes Receivable

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

4. Allowances for Doubtful Accounts

Allowances for doubtful accounts are not maintained on receivables because, based on experience, uncollectible accounts have been immaterial.

5. Inventory and Prepaid Items

The District has no inventory or prepaid items.

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. Minimum capitalization costs for the District's assets are \$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 of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture and office equipment	5 years
Maintenance and construction equipment	5 years
Medium and heavy motor vehicles	5 years
Automobiles and light trucks	5 years
Infrastructure	20 years
Buildings	40 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 does not have any items that meet this criterion. 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 only one item that meets the criterion for this category- property taxes receivable.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, 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.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The District has no full time employees.

10. Net Position/Fund Balances

Net Position

Net position in the government-wide fund financial statement 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.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Riegelwood Sanitary District's governing body (the highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Riegelwood Sanitary District intends to use for specific purposes.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None reported.

2. Contractual Violations

None reported.

3. Excess of Expenditures over Appropriations

None reported.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the District are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the District's agents in the District's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the District, these deposits are considered to be held by the District's agents in the District's 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, 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 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 provisions 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 \$747,743 and a bank balance of \$747,821. Of the bank balance, \$250,000 was covered by federal depository insurance and the rest was covered by collateral held under the pooling method.

2. Investments

None.

3. Receivables

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Other	Total
Governmental Activities:					
General	\$ -	\$ 1,957	\$ -	\$ -	\$ 1,957
Total Governmental Activities	\$ -	\$ 1,957	\$ -	\$ -	\$ 1,957

4. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings & Improvements	292,467	-	-	292,467
Infrastructure	-	-	-	-
Equipment	2,451	-	-	2,451
Vehicles	-	-	-	-
Total capital assets being depreciated	294,918	-	-	294,918
Less accumulated depreciation for:				
Buildings & Other Improvements	286,093	278	-	286,371
Infrastructure	-	-	-	-
Equipment	2,451	-	-	2,451
Vehicles	-	-	-	-
Total accumulated depreciation	288,544	278	-	288,822
Total capital assets being depreciated, net	6,374			6,096
Governmental activity capital assets, net	<u>\$ 6,374</u>			<u>\$ 6,096</u>

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

General Government	\$ 278
Total Depreciation Expense	<u>\$ 278</u>

B. Liabilities1. Pension Plan and Postemployment Obligationsa. Local Governmental Employees' Retirement System

There are no pension plans because the District had no full-time employees during the year.

2. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties	-	1,194
Total	<u>\$ -</u>	<u>\$ 1,194</u>

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 omission; injuries to employees; and natural disasters. The District carries commercial coverage for all risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The District has no flood insurance as it is not in a flood plain.

In accordance with G.S. 159-29, the District's 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.

4. Claims, Judgments and Contingent Liabilities

The District had no lawsuits, claims, or judgments against them for the year ended June 30, 2021.

5. Long-Term Obligations

a. Installment Purchase

The District has no installment purchases.

C. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 6,096
less: long term debt	-
Net investment in capital asset	<u>\$ 6,096</u>

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 746,345
Less:	
Stabilization by State Statute	-
Streets - Powell Bill	-
Remaining Fund Balance	\$ 746,345

The Riegelwood Sanitary District has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the District in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

V. Economic Uncertainties

At present the District receives water free of charge from the paper factory located within its boundaries. The District possessed a forty-year contract with International Paper that ran from December 1962 to December 2004. This contract appears to call for payment of water used by the Riegelwood Sanitary District based on individual meter readings and estimates of water used for fire fighting. However, the District has never been charged for its water use. At this time, it is uncertain what the results would be if the District had to begin paying for its water use.

VI. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VII. Significant Effects of Subsequent Events

There are no subsequent events that would have a material effect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**Riegelwood Sanitary District
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021**

		2021		Variance
		Budget	Actual	Positive (Negative)
Revenues:				
Ad valorem taxes:				
	Taxes	\$	\$ 67,410	\$
	Penalties and interest		-	
	Total	61,000	67,410	6,410
Sales and services:				
	Rent	9,000	11,701	2,701
Investment earnings				
		4,000	299	(3,701)
Total Revenues				
		74,000	79,410	5,410
Expenses:				
General government:				
Governing body:				
	Commissioners-fees		900	
	Operating expenses		-	
	Capital outlay		-	
	Total	900	900	-
Administration:				
	Salaries		9,924	
	Operating expenses		6,522	
	Capital Outlay		-	
	Total	19,400	16,446	2,954

(cont)

Riegelwood Sanitary District
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Public Works & Buildings:			
Salaries		-	
Operating expenses		32,689	
Capital outlay		-	
Total	<u>36,200</u>	<u>32,689</u>	<u>3,511</u>
Total General Government	<u>56,500</u>	<u>50,035</u>	<u>6,465</u>
Public Safety:			
Salaries		-	
Operating expenses		16,500	
Capital Outlay		-	
Total	<u>16,500</u>	<u>16,500</u>	<u>-</u>
Environmental:			
Salaries		-	
Operating expenses		450	
Total	<u>1,000</u>	<u>450</u>	<u>550</u>
Total Expenditures	<u>74,000</u>	<u>66,985</u>	<u>7,015</u>
Revenues over (under) expenditures	-	12,425	12,425
Other financing sources (uses):			
Fund balance appropriated		-	
Total	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	12,425	\$ <u>12,425</u>
Fund Balance, beginning		<u>733,920</u>	
Fund Balance, Ending		\$ <u><u>746,345</u></u>	

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

**Riegelwood Sanitary District
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 69,903	\$ (69,463)	\$ 440
2019-2020	892	-	(637)	255
2018-2019	66	-	(1)	65
2017-2018	52	-	-	52
2016-2017	52	-	-	52
2015-2016	55	-	-	55
2014-2015	58	-	-	58
2013-2014	75	-	-	75
2012-2013	69	-	-	69
2011-2012	73	-	-	73
2010-2011	78	-	(78)	-
	<u>\$ 1,470</u>	<u>\$ 69,903</u>	<u>\$ (70,179)</u>	<u>\$ 1,194</u>

Ad valorem taxes receivable - net \$ 1,194

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 67,410
Reconciling items:	
Discounts, Releases, Write-Offs	2,769
Penalties and Interest collected	-
Total collections and credits	<u>\$ 70,179</u>

**Riegelwood Sanitary District
Analysis of Current Tax Levy
District -- Wide Levy
For the Fiscal Year Ended June 30, 2021**

				Total Levy	
	District - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 23,301,000	\$ 0.30	\$ 69,903	\$ 58,876	\$ 11,027
Penalties					
Total	<u>23,301,000</u>		<u>69,903</u>	<u>58,876</u>	<u>11,027</u>
 Total property valuation	<u>\$ 23,301,000</u>				
 Net levy			69,903	58,876	11,027
 Current year's uncollected taxes at June 30, 2021			<u>(440)</u>	<u>(440)</u>	<u>-</u>
 Current year's taxes collected			<u>\$ 69,463</u>	<u>\$ 58,436</u>	<u>\$ 11,027</u>
 Current levy collection percentage			<u>99.37%</u>	<u>99.25%</u>	<u>100.00%</u>