

REVIEWED

By SLGFD at 11:42 am, Oct 21, 2021

**ROANOKE RAPIDS SANITARY DISTRICT
ROANOKE RAPIDS, NORTH CAROLINA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

**GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA**

Financial Statements
Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina

Board of Commissioners

Gregory Browning, Chairman
Eugene St. Clair, Secretary
Steven Holliday, Member

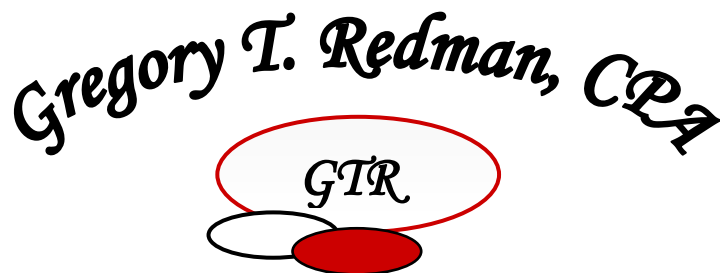
Administrative Staff

R. Daniele Brown, CEO
Thomas C. Wrenn, Finance Director

Roanoke Rapids Sanitary District
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June 30, 2021

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Financial Section



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Independent Auditor's Report

To the Chairman and Members of the Board
Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities and each major fund of the Roanoke Rapids Sanitary District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Roanoke Rapids Sanitary District as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, 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, Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Roanoke Rapids Sanitary District. The 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 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit, the procedures performed as described above, individual fund financial statements, budgetary schedules, and other schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory information has not been subjected to the auditing procedures applied in the audit of basic financial statements and accordingly, I do not express an opinion or provide assurance on them.



Tarboro, North Carolina
September 27, 2021

Management's Discussion and Analysis

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

The management of the Roanoke Rapids Sanitary District offers readers of the District's financial statements this narrative overview and analysis of their financial activities 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

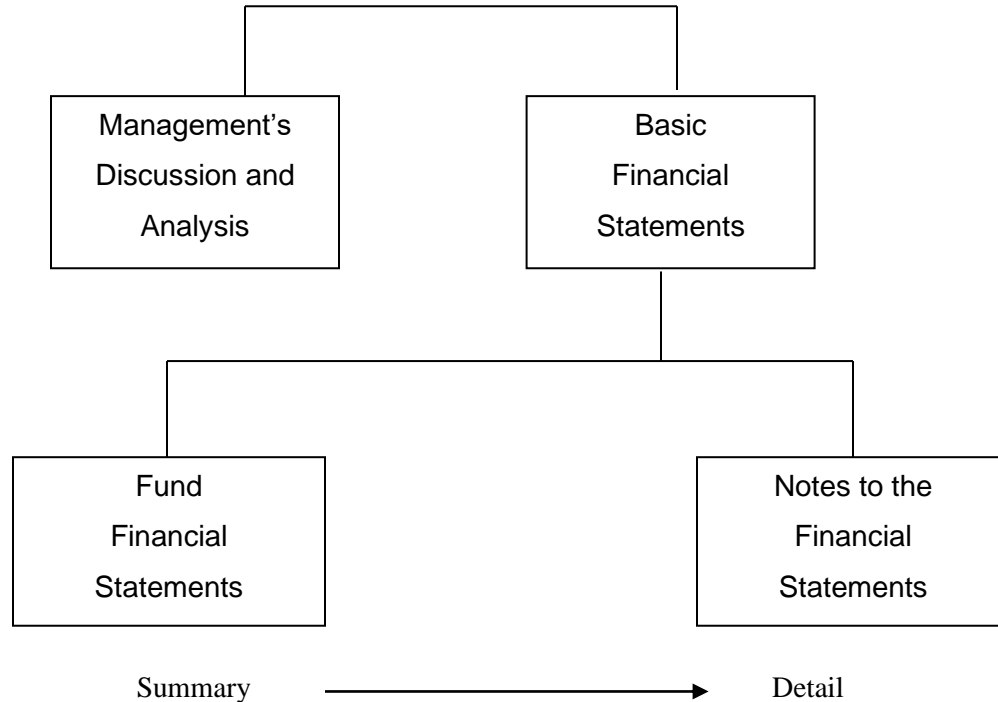
- The total operating revenues increased by \$493,604 from last year.
- The total assets of the Roanoke Rapids Sanitary District increased by \$468,916 from last year.
- All departments operated under budget for the year. The total of all departments was \$3,386,021 under their budget of \$12,355,487.
- As of the close of the current fiscal year, the Roanoke Rapids Sanitary District reported net position of \$42,007,561, an increase of \$956,913 in comparison with the prior year.
- Our Capital Outlay for the year was \$2,562,108.
- The Roanoke Rapids Sanitary District's principal payment was \$620,183 during this fiscal year.
- The District's operating income for the year ending 2021 was \$823,538, an increase of \$296,486 as compared to 2020.

Overview of the Financial Statements

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

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Required Components of Annual Financial Report



Basic Financial Statements

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the Sanitary District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Roanoke Rapids 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 (G.S.) or the Sanitary District's budget ordinance. All of the funds of the Roanoke Rapids Sanitary District are categorized as proprietary funds.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Proprietary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Roanoke Rapids Sanitary District's Net Position

	2021	2020	Change
Current assets	\$ 14,767,679	\$ 14,628,392	\$ 139,287
Capital assets	40,810,256	40,480,627	329,629
Other non-current assets	-	-	-
Deferred Outflows of Resources	1,130,088	543,613	586,475
Total Assets and Deferred Outflows of Resources	<u>\$ 56,708,023</u>	<u>\$ 55,652,632</u>	<u>\$ 1,055,391</u>
Current liabilities	\$ 1,400,157	\$ 1,375,350	\$ 24,807
Non-current liabilities	12,715,556	12,324,774	390,782
Deferred inflows of resources	584,749	901,860	(317,111)
Total Liabilities and Deferral Inflows of Resources	<u>\$ 14,700,462</u>	<u>\$ 14,601,984</u>	<u>\$ 98,478</u>
Net Position:			
Net investment in capital assets	\$ 32,460,141	\$ 31,510,327	\$ 949,814
Unrestricted net position	9,547,420	9,540,321	7,099
Total Net Position	<u><u>\$ 42,007,561</u></u>	<u><u>\$ 41,050,648</u></u>	<u><u>\$ 956,913</u></u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Roanoke Rapids Sanitary District exceeded liabilities by \$42,007,561 as of June 30, 2021. The Sanitary District's total net position increased by \$956,913 for the fiscal year ended June 30, 2021. However, the largest portion reflects the Sanitary District's investment in capital assets (e.g. land, buildings, machinery, and equipment) in the amount of \$32,460,141. The Roanoke Rapids Sanitary District uses these capital assets to provide services to the district; consequently, these assets are not available for future spending. Although the Roanoke Rapids Sanitary District's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Roanoke Rapids Sanitary District's net position \$9,547,420 represents resources that is unrestricted.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

The Roanoke Rapids Sanitary District's Changes in Net Position

	Business-Type Activities		
	2021	2020	Change
Revenues:			
Charges for services	\$ 8,795,931	\$ 8,302,327	\$ 493,604
Non-operating revenues	144,446	148,812	(4,366)
Unrestricted investment earnings	36,191	222,694	(186,503)
State and local reimbursements	-	-	-
Debt forgiveness	-	500,000	(500,000)
Total Revenues	<u>\$ 8,976,568</u>	<u>\$ 9,173,833</u>	<u>\$ (197,265)</u>
Expenses:			
Administrative	\$ 949,595	\$ 918,160	\$ 31,435
Water treatment plant	1,572,721	1,459,184	113,537
Distribution	1,344,773	1,405,018	(60,245)
Waste treatment plant	1,872,824	1,797,702	75,122
Depreciation	2,232,480	2,195,211	37,269
Interest expense	47,262	51,559	(4,297)
Total Operating Expenses	<u>\$ 8,019,655</u>	<u>\$ 7,826,834</u>	<u>\$ 192,821</u>
Changes in Net Position	\$ 956,913	\$ 1,346,999	\$ (390,086)
Total Net Position, July 1	41,050,648	39,703,649	1,346,999
Prior Period Adjustment	-	-	-
Total Net Position, June 30	<u><u>\$42,007,561</u></u>	<u><u>\$41,050,648</u></u>	<u><u>\$ 956,913</u></u>

Business-type Activities. Business-type activities increased the Roanoke Rapids Sanitary District's net position by \$956,913. Expenses increased by \$192,821 compared to the prior year. A majority of the increase was in the Water Treatment expenses.

Financial Analysis of the Sanitary District's Funds

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

Proprietary Funds. The Roanoke Rapids Sanitary District's proprietary funds provide the same type of information found in the government-wide statements but in more details. Unrestricted net position of the Sanitary District's Fund at the end of the fiscal year amounted to \$9,547,420. The total change in net position was \$956,913. Other factors concerning the finances of this fund have already been addressed in the discussion of the Roanoke Rapids Sanitary District's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Roanoke Rapids Sanitary District's investment in capital assets for its business-type activities as of June 30, 2021, totals \$40,810,256 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, vehicles and construction in progress.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

**Roanoke Rapids Sanitary District's Capital Assets
(net of accumulated depreciation)**

	2021	2020
Land	\$ 603,427	\$ 603,427
Capital assets	37,900,388	38,792,683
Construction in progress	2,306,441	1,084,517
Net Capital Assets	<u>\$ 40,810,256</u>	<u>\$ 40,480,627</u>

Long-term Debt. As of June 30, 2021, the Roanoke Rapids Sanitary District had total debt outstanding of \$8,350,115.

**Roanoke Rapids Sanitary District's Outstanding Debt
General Obligation and Revenue Bonds**

	2021	2020
2015 Sewer loan	\$ 1,597,500	\$ 1,704,000
2016 Sewer loan	3,030,101	3,232,108
2017 Sewer loan	1,331,927	1,410,276
2010 Federal revolving loan	542,479	596,727
2010 ARRA loan	1,176,159	1,293,775
2011 ARRA loan	41,505	45,656
2012 Federal Revolving Loan	630,444	687,757
Total	<u>\$ 8,350,115</u>	<u>\$ 8,970,299</u>

Economic Factors

The fiscal year ending June 30, 2022 (FY22) operating fund budget totals \$10,472,708 including \$4,251,340 in departmental Capital Outlay and debt service. These figures exclude \$2,306,441 of encumbered funds as construction in progress from the FY21 budget, which arise from ongoing water and sewer line rehab, AMI meters and NCDOT related projects.

Both treatment plants operate 365 days per year. Funding four rotating shifts at the water treatment plant (WTP) and wastewater treatment plant (WWTP) accounts for salaries being the largest item in the annual budget. The Local Government Retirement System mandate to increase the District's retirement share to 11.41%, in FY22 equates to an increase of nearly 12% compared to FY21. The budget attempts to systematically fund new projects, equipment and to upgrade and replace portions of an aging infrastructure to ensure the sustainability of the facilities. Departmental Master Plans identified \$71,200 at the WTP to rehab yard valves in support of the future finished water pump station project. Distribution and Collection contains \$60,000 for inflow & infiltration analysis, which also continues condition assessment of the Chockoyotte Creek Interceptor. Fire Flow Improvements/Water Line Rehabilitation, Sub-Basin 'A' Sanitary Sewer Evaluation Study (SSES), and 46 West Lift Station System rehab continue with encumbered funds. FY22 capital plans for the WWTP include \$98,000 for EQ Tank Concrete Repair, and a \$212,600 commitment to design a new Blower Building replacement. A fund balance appropriation of \$1,367,508 has been approved to cover portions of the above capital budget.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

A 3% performance-based salary adjustment is approved for distribution among meriting employees. One retirement is anticipated. A return to employing a part time custodian position is expected, as well as adding an Administrative Assistant in support of the CEO. Full time staff resources will total 47-employees and will be maintained at full employment.

The FY22 budget provides for operating expenditures excluding depreciation to slightly increase by 1.4% over the previous year. Medical insurance, maintenance and repair, power, chemicals, supplies, insurance & bonds, contract services and residuals application, account for high dollar items which total \$590,000; \$306,750; \$368,000; \$447,500; \$414,500; \$121,654; \$255,000; and \$120,000 respectively, in the budget. These costs together with labor, unbilled I/I, capital for required system improvements, debt service, and decline in customer demand which continues to trend at 18 million gallons per month on an annualized basis since FY12, put pressure on District rates. An overall 3% inside/outside customer rate increase is approved for FY22, which is less than the Raftelis Rate Study recommendations for budget sufficiency. The minimum water-sewer monthly bill for an inside customer will increase from \$24.75 to \$25.50 and an average monthly bill for a family using 5,000 gallons per month will increase \$1.50 from \$51.75 to \$53.25. The District's export rate for bulk users remains unchanged at \$2.35 for water but increase from \$8.05 to \$8.30 for sewer per 1000 gallons used.

Funded facilities upgrades were completed in 2011 through 2019. Repayment of cumulative enabling loans will continue during the fiscal year and include the SRF funded WWTP Sodium Hypochlorite Conversion, the Northampton County Emergency Water Line project, the ARRA Stimulus funded Elevated Tanks Solar Powered Mixers, the DWSRF funded WTP Air Scour System, the CWSRF funded O/F G and Sub Basin C & D sewer rehab projects and the CWSRF funded Lower Roanoke Outfall and Sub Basin 'A' sewer rehab project. Debt service during FY22 will total \$663,150.

Major capital goals for FY22:

<u>Administration</u>		
➤	Complete Water Resilience Study	\$ 40,000
<u>Water Treatment Plant</u>		
➤	New Flash Mixer.....	\$ 1,782,000
➤	Finished Water Pump/Electrical Upgrade Design	\$ 186,400
<u>Distribution & Collection</u>		
➤	Automatic Metering Infrastructure Purchases.....	\$ 500,000
➤	Basin 'K' Rehab – MHK419 – MHK417	\$ 200,000
<u>Wastewater Treatment Plant</u>		
➤	Equipment	\$ 121,300
➤	SCADA System	\$ 29,000
➤	Depreciation – All Departments.....	\$ 2,300,000

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

While the FY22 budget identifies immediate expenditure, revenue, and capital needs, it also examines a five-year Capital Improvement Plan for projects identified in previously prepared Departmental Master Plans focused on asset condition assessment, which included associated costs. Elements of some of these projects have been in progress for several years and are also included in the FY22 budget. Prioritized projects are:

<u>Priority</u>	<u>Status</u>	<u>Five-Year Master Plan Capital Improvement Projects:</u>	<u>Cost Opinion</u>
<u>Distribution & Collection</u>			
1.	In Progress	Automatic Metering Infrastructure Purchases.....	\$ 500,000
2.	In Progress	Sewer Basin 'A' SSES Findings/Recommendations (Est)..	\$ 1,300,000
3.	In Progress	Fire Flow Improvement/Water Line Rehab (Table 9-4)	\$ 4,600,000
4.	SSES Complete	Sewer Basin 'K' Rehab	\$ 1,600,000
<u>Water Treatment Plant</u>			
5.	Pending FY22	Finished Water Pump Station/Electrical Upgrade.....	\$ 2,000,000
6.	Shovel Ready	Clear Well Compartment & Hydraulic Improvements.....	\$ 1,900,000
<u>Wastewater Treatment Plant</u>			
7.	Pending FY22	Blower Building/Energy Efficient Aerators.....	\$ 1,100,000
TOTAL 5-YEAR CIP PROJECTS			<u>\$13,000,000</u>

The projects included in this list are deemed priority because of the benefits they will afford the customer. Once implemented, from raw water to effluent, billing accuracy, energy efficiency, reliability, end of equipment life, hydraulic capacity will be improved. Also, reduced inflow and infiltration will reduce environmental impacts from sewer overflows including a decrease in influent hydraulic peaks. The priorities of the listed items are equally associated; however, the list is not comprehensive. Water line and sewer line rehab projects will be ongoing for the foreseeable future with costs projected to be \$30,000,000; whereas the other listed projects, once finished, will require operation and maintenance. Projects have also been identified beyond this 5-Year view which are also considered a priority such as the 16" Connector between the Becker and 11th St. Tanks. This project was identified in the Hazen 2010 Distribution Master Plan which was an early analysis of exporting water to the Town of Weldon. The study stated, *"If the District does not supply water to Weldon, strengthening the connection between tanks is still recommended."* This project is currently estimated to cost \$3,280,000, excluding easement acquisition, which will commence during FY22. There is growing pressure to complete this project since operational constraints are limiting Weldon's ability to deliver their water allotment to Halifax County, Halifax County's I-95 tank level is below its operating range during Reser's sanitation period, and a new emphasis on development of Exit 171 has created a demand for assurance of a reliable water supply.

Without a comprehensive funding plan the District's direct customer rates will need to be increased 48.5% Water and 21% Sewer; in which case, a 5,000-gallon monthly user would expect to pay \$68.37 in FY22. To maintain sufficiency and meet its capital goals, the District also projects a 5% annual rate increase will be imposed each fiscal year going forward post pandemic. Federal and State infrastructure funds are currently available, and we are in a favorable lending cycle. The District is commencing with application(s) for funding portions of its \$13,000,000 5-Year Capital Improvement Plan during FY22.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Requests for Information

This report is designed to provide an overview of the Roanoke Rapids Sanitary District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Finance Director
Roanoke Rapids Sanitary District
1000 Jackson Street
Roanoke Rapids, North Carolina 27870

Basic Financial Statements

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Enterprise Fund Water & Sewer Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 13,394,286
Restricted cash and cash equivalents	549,550
Accounts receivable	76,397
Customer accounts receivable, net	600,162
Inventories	139,064
Prepaid expenses	8,220
Total Current Assets	<u>\$ 14,767,679</u>
Non-current Assets:	
Capital Assets:	
Capital assets - net of accumulated depreciation	\$ 37,900,388
Land	603,427
Construction in progress	2,306,441
Total Capital Assets	<u>\$ 40,810,256</u>
Total Assets	<u>\$ 55,577,935</u>
Deferred Outflows of Resources:	
OPEB deferrals	\$ 504,934
Pension deferrals	625,154
Total Deferred Outflows of Resources	<u>\$ 1,130,088</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 56,708,023</u></u>

The accompanying notes are an integral part of this statement.

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Enterprise Fund Water & Sewer Fund
Liabilities and Net Position	
Current Liabilities:	
Accounts payable	\$ 254,582
Accrued salaries	67,563
Long-term debt current portion	620,184
Compensated absences payable - current	5,510
Liabilities payable from restricted assets:	
Customer deposits	452,318
Total Current Liabilities	<u>\$ 1,400,157</u>
Non-current Liabilities:	
Long-term debt	\$ 7,729,931
OPEB liability	3,813,984
Net pension liability	1,122,056
Compensated absences payable - non-current	49,585
Total Non-current Liabilities	<u>\$ 12,715,556</u>
Total Liabilities	<u>\$ 14,115,713</u>
Deferred Inflows of Resources:	
OPEB deferrals	\$ 566,427
Pension deferrals	18,322
Total Deferred Inflows of Resources	<u>\$ 584,749</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 14,700,462</u>
Net Position:	
Net investment in capital assets	\$ 32,460,141
Unrestricted net position	9,547,420
Total Net Position	<u>\$ 42,007,561</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 56,708,023</u></u>

The accompanying notes are an integral part of this statement.

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

	Major Enterprise Fund Water & Sewer Fund
Operating Revenue:	
Water, sewer, and other related sales	\$ 8,795,931
Operating Expenses:	
Administrative	\$ 949,595
Water treatment plant	1,572,721
Distribution	1,344,773
Waste treatment plant	1,872,824
Depreciation	2,232,480
Total Operating Expenses	\$ 7,972,393
Operating Income (Loss)	\$ 823,538
Non-operating Revenues and Expenses:	
Interest revenue	\$ 36,191
Other revenue	5,122
Tower license fee	139,324
Interest expense	(47,262)
Total Non-operating Revenues (Expenses)	\$ 133,375
Income Before Contributions	\$ 956,913
Capital contributions	-
Change in Net Position	\$ 956,913
Net Position at Beginning of Year	41,050,648
Net Position at End of Year	\$ 42,007,561

The accompanying notes are an integral part of this statement.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021**

	Major Enterprise Fund Water & Sewer Fund
Cash Flows From Operating Activities:	
Cash received from customers	\$ 8,746,052
Cash paid for goods and services	(2,192,872)
Cash paid to employees	(3,362,733)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,190,447</u>
Cash Flows From Non-capital Financing Activities:	
Other revenue	\$ 5,122
Tower license fee	139,324
Net Cash Provided (Used) by Non-capital Financing	<u>\$ 144,446</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	\$ (2,562,109)
Principal paid on debt	(620,185)
Interest paid on bonds	(47,262)
Loan proceeds	-
Net Cash Flows From Capital and Related Financing Activities:	<u>\$ (3,229,556)</u>
Cash Flows from Investing Activities	
Interest on investments	<u>\$ 36,191</u>
Net Increase In Cash and Cash Investments	\$ 141,528
Cash and Cash Equivalent - Beginning of Year	<u>13,802,308</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 13,943,836</u></u>

The accompanying notes are an integral part of this statement.

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Fund <hr/> Water & Sewer Fund <hr/>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ 823,538
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	\$ 2,232,480
Pension expense	-
Change in assests and liabilities:	
(Increase) decrease in accounts receivable	14,789
(Increase) decrease in inventory	(13,786)
(Increase) decrease in deferred outflows	(586,475)
(Increase) decrease in prepaid expenses	1,238
Increase (decrease) in deferred inflows	(317,111)
Increase (decrease) in accounts payable	96,582
Increase (decrease) in OPEB liability	682,100
Increase (decrease) in net pension liability	233,960
Increase (decrease) in customer deposits	1,812
Increase (decrease) in compensated absences	21,320
Total adjustments	\$ 2,366,909
Net Cash Provided (Used) by Operating Activities	\$ 3,190,447

The accompanying notes are an integral part of this statement.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Roanoke Rapids Sanitary District, a municipal corporation, was created by the North Carolina State Board of Health on April 21, 1931, under and by virtue of an act of the General Assembly, ratified on March 4, 1927, providing for the creation, government and operation of Sanitary Districts. The Roanoke Rapids Sanitary District is governed by three board members elected by the citizens residing in the Sanitary District.

The Roanoke Rapids Sanitary District provides water treatment, water distribution, sanitary sewer collection/transmission, and sewer treatment services for all of Roanoke Rapids, Gaston and several areas outside the district boundaries. Approximately 25,000 people are served through over 8,000 service connections.

The water supply for the District is from the Roanoke Rapids Lake with back-up capabilities from the Roanoke River. The water treatment plant has a design capacity of 12 million gallons per day and a pumping capacity of 10 million gallons per day. The District has 4.75 million gallons of storage capacity.

B. Basis of Presentation

Fund Financial Statement

The fund financial statements provide information about the District's funds. Statements for the *proprietary fund* are presented. The emphasis of fund financial statements is on major enterprise funds.

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

The Roanoke Rapids Sanitary District reports the following major Enterprise Fund:

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

C. Measurement Focus and Basis of Accounting

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

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
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For the Year Ended June 30, 2021**

Proprietary Fund Financial Statements

The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds 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 and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Data

The Roanoke Rapids Sanitary District's budget is adopted as required by North Carolina General Statutes. An annual budget is adopted for the Enterprise Funds. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Finance Officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$2,500; however, any revisions that after 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.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the Roanoke Rapids Sanitary District are made in board-designed official depositories and are collateralized as required by State law [G.S. 159-31]. Official depositories may be established with any bank or savings and loan 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 certificate of deposit.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
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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. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The District pools money from several funds 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. Restricted Assets

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

Roanoke Rapids Sanitary District's Restricted Cash

Business-type Activities:

Water and Sewer Fund:

System development fees	\$ 97,232
Customer deposits	452,318
Total	<u><u>\$ 549,550</u></u>

4. Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained for receivables which may be uncollectible based on historical experience. This amount is estimated by analyzing the percentage of receivable that were written off in prior years.

5. Inventories and Prepaid Items

Inventories are maintained for supplies needed by each department. The cost of these inventories is expensed when consumed rather than when purchased. They are valued at the cost (first in, first out) which approximates market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
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For the Year Ended June 30, 2021**

6. Capital Assets

Capital assets are recorded at original cost at the time of acquisition. Assets are depreciated using a straight-line basis over the estimated useful life of the asset:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Water and Sewer Plant	30 – 40 years
Furniture and Office Equipment	5 – 10 years
Maintenance Equipment	10 years
Transportation Equipment	10 years

7. Deferred Outflows/Inflows of Resources

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

8. Compensated Absences

The vacation policy of the Sanitary District is as follows:

<u>Years of Service</u>	<u>Days of Vacation</u>
1	5
2	10
5	15
15	20

Up to five days or one-third of annually accrued vacation leave, whichever is less, not taken prior to the end of the calendar year can be converted to sick leave. This amount for all employees at June 30, 2021 is estimated to be \$55,095 and is shown as a liability in the financial statements.

The Sanitary District's sick leave policy provides for the accumulation of up to ninety (90) days of earned sick leave. Employees who resign or are dismissed from employment lose all sick leave credit. Employees retiring after ten years of service with the Sanitary District shall be paid for one-half (1/2) of all sick leave credited to their account, not to exceed 360 hours, at the time of their retirement. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

9. Net Position

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

10. Pensions

For purposes of measuring the net pension asset, 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 Roanoke Rapids Sanitary District employer contributions are recognized when due and the Roanoke Rapids Sanitary 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.

II. Stewardship Compliance and Accountability

A. Significant Violations of Finance Related Legal and Contractual Provisions

There were no instances of noncompliance noted during the year ended June 30, 2021.

III. Detail Notes

A. Assets

1. Deposits

All the deposits of the Sanitary District are insured or collateralized by using the Pooling Method. 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 Sanitary District, these deposits are considered to be held by the Sanitary District's agents in their 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 Sanitary District or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Sanitary District under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
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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 Sanitary District's deposits had a carrying amount of \$13,798,666 and a bank balance of \$13,981,225. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remainder covered by collateral held under the Pooling Method. At June 30, 2021, the District had \$900 in petty cash.

2. Investments

At June 30, 2021, the Roanoke Rapids Sanitary District had \$144,270 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's.

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2021	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 144,270	N/A	AAAm
Total		\$ 144,270		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest rate risk – The District has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from interest rates, the District typically limits its investment portfolio to maturities of 24 months or less.

Credit risk - The District has no formal policy regarding credit risk but has internal management procedures that limits the District's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The District's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm-mf by Moody's Investors Service as of June 30, 2021.

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Custodial credit risk - For an investment, the custodial credit risk is the risk that in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All cash balances are fully collateralized at 100% and pledged securities are in the custody of another banking party. The District has no policy on custodial credit risk.

3. Accounts Receivable

Accounts receivable, customers (net of allowance for doubtful accounts of \$14,961)	\$ 600,162
Accounts receivable, Other Governments	76,397
	<u>\$ 676,559</u>

4. Changes in Capital Assets

The capital assets of the Roanoke Rapids Sanitary District at June 30, 2021 consisted of the following:

	Balance 7/1/2020	Additions	Increase (Decrease)	Balance 6/30/2021
Water & Sewer Fund				
Capital Assets Not Being Depreciated				
Land	\$ 603,427	\$ -	\$ -	\$ 603,427
Construction in progress	1,084,517	1,842,953	(621,029)	2,306,441
Total Capital Assets Not Being Depreciated	<u>\$ 1,687,944</u>	<u>\$1,842,953</u>	<u>\$ (621,029)</u>	<u>\$ 2,909,868</u>
Capital Assets Being Depreciated				
Administrative	\$ 1,330,176	\$ 931,874	\$ -	\$ 2,262,050
Distribution & Collection	39,411,565	61,333	-	39,472,898
Filter plant	12,308,237	203,528	-	12,511,765
Waste treatment plant	22,301,744	143,450	-	22,445,194
Total Capital Assets Being Depreciated	\$75,351,722	\$1,340,185	\$ -	\$76,691,907
Less accumulated depreciation	<u>36,559,039</u>	<u>2,232,480</u>	<u>-</u>	<u>38,791,519</u>
Total Capital Assets Being Depreciated, Net	<u>\$38,792,683</u>			<u>\$37,900,388</u>
Water & Sewer Fund Capital Assets	<u>\$40,480,627</u>			<u>\$40,810,256</u>

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
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For the Year Ended June 30, 2021**

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Roanoke Rapids Sanitary District contributes to a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Roanoke Rapids Sanitary District employees are required to contribute 6.0% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Roanoke Rapids Sanitary District contractually required

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contribution rate for the year ended June 30, 2021, was 10.12% of compensation 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 Roanoke Rapids Sanitary District were \$234,562 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 \$1,122,056 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The District's proportion of the net pension liability was based on a projection of the District's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the District's proportion was 0.0314%, which was a decrease of 0.00142% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$381,702. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,696	\$ -
Changes of assumptions	83,503	-
Net difference between projected and actual earnings on pension plan investments	157,899	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,494	18,322
District contributions subsequent to the measurement date	234,562	-
Total	<u>\$ 625,154</u>	<u>\$ 18,322</u>

**Roanoke Rapids Sanitary District
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\$234,562 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 liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2022	\$ 104,484
2023	138,079
2024	82,976
2025	46,730
2026	-
Thereafter	-
	<u>\$ 372,269</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 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

**Roanoke Rapids Sanitary District
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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:

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

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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability (asset)	\$2,276,529	\$1,122,056	\$ 162,607

**Roanoke Rapids Sanitary District
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b. Other Postemployment Benefits (OPEB) – Healthcare Benefits

Plan Description. The Roanoke Rapids Sanitary District administers a single employer defined benefit healthcare plan. The plan provides postemployment healthcare benefits to retirees of the Sanitary District, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System). Retired personnel, and their eligible dependents, shall be provided an opportunity to participate or to continue participation in the current health and hospitalization insurance program of the District. The insurance carriers shall be selectable, at the Roanoke Rapids Sanitary District Board of Commissioners' discretions. The Sanitary District shall endeavor to provide health and hospitalization insurance coverage that is not less than that offered to active employees and at a rate, if applicable, which is more or less than the premium cost for active employees. The claims experience of the retirees and active employees may be commingled to determine health and hospitalization plan costs. For all employees hired after June 30, 2009, the Retired Personnel Section of the Group Health and Hospitalization policy shall not be a provided benefit.

- (1) The Sanitary District will provide hospitalization coverage for Sanitary District employees who have retired with 30 years of service in the retirement system until said employee becomes eligible to receive Medicare/Medicaid.
 - a. For all employees hired after December 31, 2003, the last 20 years in the retirement system must be directly under the employment of the Roanoke Rapids Sanitary District in order to be eligible for this benefit.
 - b. For all employees hired on or before December 31, 2003, the District would provide supplemental coverage to Medicare/Medicaid for only the retiree.
 - c. Coverage would be available, at the retiree's expense, for all retiree's dependents of record at the time of retirement provided dependent coverage is elected within (60) sixty-days of retirement.
- (2) The Sanitary District will provide opportunity for retiring employees until eligible to receive Medicare/Medicaid with at least 15 years of service at the Sanitary District and in the retirement system, to continue hospitalization coverage under District's group coverage as a retired employee, but all costs of such coverage (retiree's, spouse, etc. of record at the time of retirement) would be totally at retiree's expense. The Sanitary District would incur no costs but retiring employee would not be forced to look for such coverage on the open market. All premiums shall be paid to the District by the 10th of each month's coverage.
- (3) The Sanitary District will provide District paid health benefits to employees judged disabled under either the Social Security Administration or the State Retirement System until said employee becomes eligible to receive Medicare/Medicaid (coverage would be available, at the retiree's expense, for all

**Roanoke Rapids Sanitary District
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retiree's dependents of record at the time of retirement provided dependent coverage is elected within sixty (60) days of retirement). For all employees hired on or before December 31, 2003, the District would provide supplemental coverage to Medicare/Medicaid for only the retiree.

Under the terms of the above, the Sanitary District administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The Roanoke Rapids Sanitary District Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

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

	<u>General Employees</u>
Retirees and dependents receiving benefits	17
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>23</u>
Total	<u><u>40</u></u>

Funding Policy. By Sanitary District policy, the Sanitary District pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Sanitary District's members pay for all of the dependent coverage. The Sanitary District has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the Enterprise Fund, which is maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Total OPEB Liability

The District's Total OPEB Liability (TOL) of \$3,813,984 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Listed below is the information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule C. The TOL was determined by an actuarial valuation as of June 30, 2020, using the following key actuarial assumptions and other inputs:

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Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary Increases, including wage inflation:	
General employees	3.50% - 7.75%
Municipal Bond Index Rate:	
Prior measurement date	3.50%
Measurement date	2.21%
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

The following exhibit presents the TOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 3,233,416	\$ 3,813,984	\$ 4,545,943

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Notes to the Financial Statements
For the Year Ended June 30, 2021**

The following exhibit presents the TOL of the Plan, calculated using the discount rate of 2.21%, as well as what the Plan's TOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount Rate Sensitivity

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	\$ 4,457,658	\$ 3,813,984	\$ 3,297,509

Changes in the TOL

Total OPEB Liability as of June 30, 2020	\$3,131,884
Changes for the year:	
Service Cost at the end of the year*	47,364
Interest on TOL and Cash Flows	108,971
Change in benefit terms	-
Difference between expected and actual experience	11,691
Changes of assumptions or other inputs	646,815
Benefit payments and implicit subsidy credit	(132,741)
Other	-
Net Changes	<u>682,100</u>
Total OPEB Liability as of June 30, 2021	<u><u>\$ 3,813,984</u></u>

* The service cost includes interest for the year.

The employer does not have a special funding situation.

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2020. An expected TOL is determined as of June 30, 2019, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2020, adds the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also called the Service Cost).

CMC has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.21% due to a change in the Municipal Bond Rate.

There are no changes in benefit terms since the Prior Measurement Date.
No benefit payments are attributable to the purchase of allocated insurance contracts.

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense, they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense, they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2021:

Differences between expected and actual experience	\$ 12,490	\$ 430,064
Changes of assumptions or other inputs	492,444	136,363
Total	<u>\$ 504,934</u>	<u>\$ 566,427</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

<u>Measurement Period Ended June 30:</u>	
2022	\$ (136,090)
2023	(73,938)
2024	118,673
2025	29,862
2026	-
Thereafter	-

c. Other Employment Benefits

The Sanitary District has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have a least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

benefit may not be less than \$25,000 and may not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The Sanitary District has no liability beyond payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. The District considers these contributions to be immaterial.

2. Commitments

At June 30, 2021, the Roanoke Rapids Sanitary District had no contractual commitments that were not complete at the year-end.

3. Deferred Outflows and Inflows of Resources

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

Pension deferrals	\$ 625,154
OPEB deferrals	504,934
	<u>\$ 1,130,088</u>

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

Pension deferrals	\$ 18,322
OPEB deferrals	566,427
	<u>\$ 584,749</u>

4. Risk Management

The Sanitary District is exposed to various risks of loss related to torts; theft of, and destructions of assets; errors and omissions; injuries to employees; and natural disasters.

The Sanitary District employee health insurance is with Blue Cross/Blue Shield of North Carolina. The PPO benefits have an unlimited lifetime maximum.

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

The Sanitary District does not carry flood insurance.

In accordance with G.S. 159-28, the Roanoke Rapids Sanitary 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.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

5. Long-Term Debt

a. State Bond Loan and Revolving Loan Fund

The following table summarizes the direct borrowing loans from NC DEQ:

	2010 Drinking Water	2010 Sewer	2011 Drinking Water	2012 Drinking Water
Authorized amount	\$ 2,514,286	\$ 1,110,800	\$ 90,563	\$ 1,146,261
Annual interest rate	2.50%	2.50%	0.00%	0.00%
Amount received at 6/30/20	\$ 2,352,318	\$ 1,046,141	\$ 83,012	\$ 966,161
Term	20 years	20 years	20 years	20 years
Annual principal payment	\$ 117,616	\$ 54,248	\$ 4,151	\$ 57,313

	2015 Sewer Federal Loan	2016 Sewer Federal Loan	2017 Sewer Federal Loan
Authorized amount	\$ 2,130,000	\$ 4,662,500	\$ 2,459,000
Annual interest rate	0.00%	0.00%	0.00%
Amount received at 6/30/20	\$ 2,130,000	\$ 4,040,135	\$ 2,066,973
Term	20 years	20 years	20 years
Annual principal payment	\$ 106,500	\$ 202,007	\$ 78,349

The following is a summary of the payments due for the 2010 Drinking Water direct borrowing:

	Principal	Interest	Total
2022	\$ 117,616	\$ 29,404	\$ 147,020
2023	117,616	26,464	144,080
2024	117,616	23,524	141,140
2025	117,616	20,582	138,198
2026	117,616	17,642	135,258
2027-2031	588,079	44,106	632,185
Total	<u>\$ 1,176,159</u>	<u>\$ 161,722</u>	<u>\$ 1,337,881</u>

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

The following is a summary of the payments due for the 2010 Sewer direct borrowing:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 54,248	\$ 13,562	\$ 67,810
2023	54,248	12,206	66,454
2024	54,248	10,850	65,098
2025	54,248	9,494	63,742
2026	54,248	8,137	62,385
2027-2031	271,239	20,342	291,581
Total	<u>\$ 542,479</u>	<u>\$ 74,591</u>	<u>\$ 617,070</u>

The following is a summary of the payments due for the 2011 Drinking Water direct borrowing:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,151	\$ -	\$ 4,151
2023	4,151	-	4,151
2024	4,151	-	4,151
2025	4,151	-	4,151
2026	4,151	-	4,151
2027-2031	20,750	-	20,750
Total	<u>\$ 41,505</u>	<u>\$ -</u>	<u>\$ 41,505</u>

The following is a summary of the payments due for the 2012 Drinking Water direct borrowing:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 57,313	\$ -	\$ 57,313
2023	57,313	-	57,313
2024	57,313	-	57,313
2025	57,313	-	57,313
2026	57,313	-	57,313
2027-2031	286,565	-	286,565
2032-2036	57,314	-	57,314
Total	<u>\$ 630,444</u>	<u>\$ -</u>	<u>\$ 630,444</u>

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

The following is a summary of the payments due for the 2015 Sewer direct borrowing:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 106,500	\$ -	\$ 106,500
2023	106,500	-	106,500
2024	106,500	-	106,500
2025	106,500	-	106,500
2026	106,500	-	106,500
2027-2031	532,500	-	532,500
2032-2036	532,500	-	532,500
Total	<u>\$ 1,597,500</u>	<u>\$ -</u>	<u>\$ 1,597,500</u>

The following is a summary of the payments due for the 2016 Sewer direct borrowing:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 202,007	\$ -	\$ 202,007
2023	202,007	-	202,007
2024	202,007	-	202,007
2025	202,007	-	202,007
2026	202,007	-	202,007
2027-2031	1,010,035	-	1,010,035
2032-2036	1,010,031	-	1,010,031
Total	<u>\$ 3,030,101</u>	<u>\$ -</u>	<u>\$ 3,030,101</u>

The following is a summary of the payments due for the 2017 Sewer direct borrowing:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 78,349	\$ -	\$ 78,349
2023	78,349	-	78,349
2024	78,349	-	78,349
2025	78,349	-	78,349
2026	78,349	-	78,349
2027-2031	391,740	-	391,740
2032-2036	548,442	-	548,442
Total	<u>\$ 1,331,927</u>	<u>\$ -</u>	<u>\$ 1,331,927</u>

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

b. Changes in Long-term Liabilities

	Balances			Balances	Current
	July 1, 2020	Increases	Decreases	June 30, 2021	Portion of
					Balance
Notes from Direct Borrowing					
Loans:					
Federal Revolving Loan	\$ 596,727	\$ -	\$ 54,248	\$ 542,479	\$ 54,248
2010 Drinking Water Loan	1,293,775	-	117,616	1,176,159	117,616
2011 Sewer Loan	45,656	-	4,151	41,505	4,151
2012 Federal Loan	687,757	-	57,313	630,444	57,313
2016 Sewer Loan	3,232,108	-	202,007	3,030,101	202,007
2015 Sewer Loan	1,704,000	-	106,500	1,597,500	106,500
2017 Sewer Loan	1,410,276	-	78,349	1,331,927	78,349
Compensated Absences	33,775	21,320	-	55,095	5,510
OPEB Liability	3,131,884	682,100	-	3,813,984	-
Net Pension Liability	888,096	233,960	-	1,122,056	-
Total	<u>\$ 13,024,054</u>	<u>\$ 937,380</u>	<u>\$ 620,184</u>	<u>\$ 13,341,250</u>	<u>\$ 625,694</u>

All direct borrowing loans of Roanoke Rapids Sanitary District are not secured by a pledge of the faith and credit of the State of North Carolina or Roanoke Rapids Sanitary District but is payable solely from the revenues of the benefitted systems. Roanoke Rapids Sanitary District has agreed that any other monies due to Roanoke Rapids Sanitary District from the State may be withheld by the State and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on these notes when due.

6. Net Investment in Capital Assets

	Business-type
Capital Assets	\$ 40,810,256
Less: Long-term debt	8,350,115
Net Investment in Capital Assets	<u>\$ 32,460,141</u>

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates may change over time.

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021**

8. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Roanoke Rapids Sanitary 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 provisions have been made in the accompanying financial statements for the refund of grant moneys.

9. Significant Effects of Subsequent Events

As of September 27, 2021, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in the Total OPEB Liability

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Roanoke Rapids Sanitary 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	2016	2015	2014
Roanoke Rapids Sanitary District's proportion of the net pension liability (asset) (%)	0.03140%	0.03252%	0.03170%	0.03419%	0.03291%	0.03554%	0.03234%	0.03234%
Roanoke Rapids Sanitary District's proportion of the net pension liability (asset) (\$)	\$ 1,122,056	\$ 888,096	\$ 752,032	\$ 522,328	\$ 698,460	\$ 159,504	\$ (190,723)	\$ (190,723)
Roanoke Rapids Sanitary District's covered-employee payroll	\$ 2,354,847	\$ 2,238,814	\$ 2,107,544	\$ 2,213,795	\$ 2,162,499	\$ 2,120,399	\$ 2,007,758	\$ 1,912,433
Roanoke Rapids Sanitary District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.65%	39.67%	35.68%	23.59%	32.30%	7.37%	-9.50%	-9.97%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

**Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Roanoke Rapids Sanitary District's Contributions
Required Supplementary Information
Last Eight Fiscal Years**

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 234,562	\$ 205,079	\$ 173,785	\$ 157,292	\$ 159,462	\$ 142,954	\$ 148,456	\$ 120,466
Contributions in relation to the contractually required contributions	234,562	205,079	173,785	157,292	159,462	142,954	148,456	120,466
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Roanoke Rapids Sanitary District's covered-employee payroll	\$2,318,583	\$2,354,847	\$2,238,814	\$2,107,544	\$2,213,795	\$2,162,499	\$2,120,399	\$2,007,758
Contributions as a percentage of covered-employee payroll	10.12%	8.71%	7.76%	7.46%	7.20%	6.61%	7.07%	6.00%

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Four Fiscal Years

Total OPEB Liability	2020	2019	2018	2017
Service Cost	\$ 47,364	\$ 54,521	\$ 57,653	\$ 64,885
Interest	108,971	149,222	140,436	126,583
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	11,691	(822,816)	485	23,185
Changes of assumptions or other inputs	646,815	(25,972)	(194,385)	(358,525)
Benefit payments and implicit subsidy credit	(132,741)	(117,116)	(109,017)	(124,432)
Net Change in Total OPEB Liability	682,100	(762,161)	(104,828)	(268,304)
Total OPEB Liability - beginning	3,131,884	3,894,045	3,998,873	4,267,177
Total OPEB Liability - ending	<u>\$3,813,984</u>	<u>\$3,131,884</u>	<u>\$3,894,045</u>	<u>\$3,998,873</u>
Covered Payroll	\$1,197,270	\$1,197,270	\$1,242,146	\$1,242,146
Total OPEB Liability as a Percentage of Covered Payroll	318.56%	261.59%	313.49%	321.93%

Notes to Schedule

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2020	2.21%
2019	3.50%
2018	3.89%
2017	3.56%

Individual Fund Statements and Schedules

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021
With Comparative Actual Totals for the Year Ended June 30, 2020

	Budget	2021 Actual	Variance Favorable (Unfavorable)	2020 Actual
Revenues:				
Operating revenues:				
Water and sewer	\$ -	\$8,589,772	\$ -	\$7,984,629
Reinstatement fees	-	83,390	-	163,203
Connection services fees	-	-	-	39,735
Water and sewer taps	-	28,924	-	21,182
Capacity fees	-	17,697	-	59,682
Laboratory analysis	-	23,590	-	-
Miscellaneous	-	52,558	-	33,896
Total operating revenues	<u>\$ 8,590,200</u>	<u>\$8,795,931</u>	<u>\$ 205,731</u>	<u>\$8,302,327</u>
Non-operating revenues:				
Interest on investments	\$ -	\$ 36,191	\$ -	\$ 222,694
Other revenue	-	5,122	-	36,131
Tower license fee	-	139,324	-	112,681
State and local reimbursements	-	-	-	-
Total non-operating revenues	<u>\$ 560,500</u>	<u>\$ 180,637</u>	<u>\$ (379,863)</u>	<u>\$ 371,506</u>
Total Revenues	<u>\$ 9,150,700</u>	<u>\$8,976,568</u>	<u>\$ (174,132)</u>	<u>\$8,673,833</u>
Expenditures:				
Administrative:				
Salaries	\$ -	\$ 439,460	\$ -	\$ 429,270
Professional fees	-	40,681	-	32,356
Board meetings and elections	-	-	-	4,347
Employee benefits	-	135,165	-	146,904
Postage and billing	-	43,517	-	42,920
Telephone and internet	-	5,343	-	4,439
Fuel and electricity	-	18,468	-	11,426
Travel and schools	-	3,336	-	5,869
Repairs and maintenance	-	2,543	-	3,048
Advertising	-	20,656	-	19,008
Supplies and materials	-	36,276	-	33,141
Contract services	-	101,161	-	84,172
Dues and subscriptions	-	19,797	-	15,275
Insurance and bonds	-	12,505	-	13,703
Bank and credit card fees	-	65,599	-	65,292
Miscellaneous	-	4,497	-	6,654
Safety	-	591	-	336
Total Administrative	<u>\$ 1,222,972</u>	<u>\$ 949,595</u>	<u>\$ 273,377</u>	<u>\$ 918,160</u>

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021
With Comparative Actual Totals for the Year Ended June 30, 2020

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2020 Actual</u>
Expenditures, continued:				
Water treatment plant:				
Salaries	\$ -	\$ 511,228	\$ -	\$ 498,713
Employee benefits	-	225,279	-	221,549
Uniforms	-	4,953	-	6,750
Telephone and internet	-	5,486	-	4,628
Fuel and electricity	-	200,348	-	192,923
Refuse disposal	-	2,782	-	2,556
Travel and schools	-	2,099	-	5,301
Repairs and maintenance	-	93,325	-	60,559
Vehicle supplies	-	3,039	-	2,632
Office supplies and postage	-	1,751	-	3,714
Department and lab supplies	-	81,953	-	51,623
Chemicals	-	317,615	-	300,738
Contract services	-	74,366	-	56,066
Purchases for resale	-	3,091	-	3,030
Dues and subscriptions	-	1,055	-	820
Insurance	-	36,569	-	41,308
Permits and fees	-	3,517	-	3,544
Miscellaneous	-	776	-	830
Safety	-	3,489	-	1,900
Total water treatment plant	<u>\$ 1,662,093</u>	<u>\$ 1,572,721</u>	<u>\$ 89,372</u>	<u>\$ 1,459,184</u>
Distribution:				
Salaries	\$ -	\$ 635,631	\$ -	\$ 669,587
Employee benefits	-	308,051	-	324,401
Uniforms	-	12,043	-	18,232
Telephone and internet	-	10,513	-	10,727
Fuel and electricity	-	13,376	-	8,869
Travel and schools	-	4,890	-	7,049
Repairs and maintenance	-	68,988	-	73,045
Advertising	-	-	-	391
Dues and subscriptions	-	1,569	-	915
Office supplies and postage	-	932	-	2,585
Vehicle supplies	-	36,163	-	36,037
Department supplies and materials	-	141,507	-	124,697
Insurance and bonds	-	29,132	-	31,753
Contract services and professional fees	-	70,211	-	85,669
Miscellaneous	-	2,164	-	3,322
Safety	-	7,637	-	5,978
Permits and fees	-	1,966	-	1,761
Total Distribution	<u>\$ 1,585,608</u>	<u>\$ 1,344,773</u>	<u>\$ 240,835</u>	<u>\$ 1,405,018</u>

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Statement of Revenues and Expenditures Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021
With Comparative Actual Totals for the Year Ended June 30, 2020

	Budget	2021 Actual	Variance Favorable (Unfavorable)	2020 Actual
Expenditures, continued:				
Waste treatment plant:				
Salaries	\$ -	\$ 767,924	\$ -	\$ 746,319
Employee benefits	-	339,995	-	340,169
Uniforms	-	6,178	-	6,667
Telephone and internet	-	5,807	-	5,539
Fuel and electricity	-	206,250	-	184,960
Advertising	-	-	-	-
Travel and schools	-	1,746	-	7,393
Repairs and maintenance	-	123,571	-	96,672
Vehicle supplies	-	4,041	-	3,350
Office supplies and postage	-	1,574	-	921
Department and lab supplies	-	104,029	-	71,423
Chemicals	-	85,817	-	79,265
Insurance	-	36,397	-	42,200
Permits fees	-	7,516	-	6,600
Miscellaneous	-	1,935	-	2,532
Contract services and professional fees	-	61,213	-	61,620
Sludge and refuse disposal	-	114,095	-	139,156
Dues and subscriptions	-	1,015	-	887
Safety	-	3,721	-	2,029
Total waste treatment plant	<u>\$ 2,148,530</u>	<u>\$ 1,872,824</u>	<u>\$ 275,706</u>	<u>\$ 1,797,702</u>
Total operating expenditures	<u>\$ 6,619,203</u>	<u>\$ 5,739,913</u>	<u>\$ 879,290</u>	<u>\$ 5,580,064</u>
Budgetary appropriations:				
Debt principal	\$ 620,184	\$ 620,183	\$ 1	\$ 575,582
Interest	47,263	47,262	1	51,559
Capital outlay:				
Adminstrative	376,375	369,482	6,893	687,112
Water treatment	1,933,744	267,624	1,666,120	299,295
Distribution	2,031,618	1,411,552	620,066	867,022
Waste treatment	727,100	513,450	213,650	423,243
Total budgetary appropriations	<u>\$ 5,736,284</u>	<u>\$ 3,229,553</u>	<u>\$ 2,506,731</u>	<u>\$ 2,903,813</u>
Total expenditures	<u>\$ 12,355,487</u>	<u>\$ 8,969,466</u>	<u>\$ 3,386,021</u>	<u>\$ 8,483,877</u>
Excess of revenues over(under) expenditures	\$ (3,204,787)	\$ 7,102	\$ 3,211,889	\$ 189,956
Other financing sources:				
Loan proceeds	-	-	-	174,288
Debt forgiveness	-	-	-	500,000
Fund balance appropriated	3,204,787	-	(3,204,787)	-
Excess of revenues over(under) expenditures	<u>\$ -</u>	<u>\$ 7,102</u>	<u>\$ 7,102</u>	<u>\$ 864,244</u>

Roanoke Rapids Sanitary District
Roanoke Rapids, North Carolina
Statement of Revenues and Expenditures Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021
With Comparative Actual Totals for the Year Ended June 30, 2020

	<u>2021 Actual</u>	<u>2020 Actual</u>
Reconciliation of modified accrual basis to full accrual basis:		
Excess of revenues and other sources under expenditures	\$ 7,102	\$ 864,244
Budgetary appropriations (above):		
Payment of debt	620,183	575,582
Loan proceeds	-	(174,288)
Capital outlay	2,562,108	2,276,672
Depreciation	<u>(2,232,480)</u>	<u>(2,195,211)</u>
Change in Net Position	<u>\$ 956,913</u>	<u>\$ 1,346,999</u>

Supplemental Information

Roanoke Rapids Sanitary District
Statistical Data
Water and Sewer Operations
For the Year Ended June 30, 2021

	<u>Amount</u>	<u>Water/Sewer in 1,000 Gallons</u>	<u>Cost Per 1,000 Gallons</u>
Water and Sewer Operations - Current year:			
Water:			
Water revenue	\$ 4,727,762	1,473,048	\$ 3.21
Water expenses:			
1/2 Administrative expense	\$ 474,798	1,473,048	\$ 0.32
1/2 Distribution and collection expense	672,387	1,473,048	0.46
Direct Water Treatment Plant expense	1,572,721	1,473,048	1.07
Total water expense	<u>\$ 2,719,905</u>	<u>1,473,048</u>	<u>\$ 1.85</u>
Profit on water	<u>\$ 2,007,857</u>	<u>1,473,048</u>	<u>\$ 1.36</u>
Sewer:			
Sewer revenue	\$ 4,068,168	586,246	\$ 6.94
Sewer expenses:			
1/2 Administrative expense	\$ 474,797	586,246	\$ 0.81
1/2 Distribution and collection expense	672,386	586,246	1.15
Direct Waste Treatment Plant expense	1,872,824	586,246	3.19
Total sewer expense	<u>\$ 3,020,007</u>	<u>586,246</u>	<u>\$ 5.15</u>
Profit on sewer	<u>\$ 1,048,161</u>	<u>586,246</u>	<u>\$ 1.79</u>
Depreciation	<u>\$ (2,232,480)</u>		
Profit on water and sewer	<u><u>\$ 823,538</u></u>		
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>
Water and sewer operations-			
comparison with preceding year:			
Direct Water Treatment Plant expense	\$ 1,572,721	\$ 1,459,184	\$ 1,559,854
Distribution and collection expense	1,344,773	1,405,018	1,237,742
Direct Wastewater Plant expense	1,872,824	1,797,702	1,648,422
Direct cost to district	<u>\$ 4,790,318</u>	<u>\$ 4,661,904</u>	<u>\$ 4,446,018</u>
Administrative expenses	949,595	918,160	981,160
Depreciation	2,232,480	2,195,211	2,129,609
Total cost to district	<u>\$ 7,972,393</u>	<u>\$ 7,775,275</u>	<u>\$ 7,556,787</u>
Water and sewer sales	<u>8,795,931</u>	<u>8,302,327</u>	<u>8,084,454</u>
Profit on water and sewer sales	<u><u>\$ 823,538</u></u>	<u><u>\$ 527,052</u></u>	<u><u>\$ 527,667</u></u>

**Roanoke Rapids Sanitary District
Statistical Data
Water and Sewer Operations
For the Year Ended June 30, 2021**

	Amount 2020-2021 1000 Gallons	Amount 2019-2020 1000 Gallons	Amount 2018-2019 1000 Gallons
Water production - Comparison			
Sold to Halifax County	683,714	618,343	615,612
Sold to Northampton County	168,705	139,849	149,426
Sold to WestRock Paper	98,696	98,815	89,793
Sold to Halifax Linen	17,610	16,726	17,404
Sold to Dominion	4,966	3,350	4,359
Sold to other customers	499,357	494,816	485,544
	<u>1,473,048</u>	<u>1,371,899</u>	<u>1,362,138</u>
 Sewer Treated - Comparison	 <u>586,246</u>	 <u>571,089</u>	 <u>579,577</u>