

REVIEWED

By SLGFD at 8:49 am, Jan 25, 2022

SEDFIELD SANITARY DISTRICT

Audited Financial Statements

For the Fiscal Year Ended June 30, 2021

Board of Commissioners

*J. Robert Stout, Chairman
Richard Toomey, Jr., Secretary
Ronald Hickman
Dennis G. Howard
Stuart Tugman*

Administrative and Financial Staff

Erin Johnson Finance Director

SEDGEFIELD SANITARY DISTRICT

Table of Contents
June 30, 2021

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION:		
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-6
BASIC FINANCIAL STATEMENTS:		
Fund Financial Statements:		
Statement of Net Position - Proprietary Fund.....1.....		7
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....2.....		8
Statement of Cash Flows - Proprietary Funds	3.....	9
Notes to Financial Statements.....		10-17
INDIVIDUAL FUND SCHEDULES:		
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Enterprise Fund - Sewer Fund.....1.....		18-19
OTHER SCHEDULES:		
Schedule of Ad Valorem Taxes Receivable.....2.....		20
Analysis of Current Tax Levy.....3.....		21

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Chairman
and Board of Commissioners
Sedgefield Sanitary District
Greensboro, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Sedgefield Sanitary District, 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

My responsibility is to express opinions on these financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 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 we 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, each major fund and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 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 our 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 opinions on the financial statements that collectively comprise the basic financial statements of the Sedgefield Sanitary District, North Carolina. The individual fund statements, budgetary schedules and other schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Ann R. Craven, CPA, PLLC

Ann R. Craven, CPA, PLLC
Greensboro, North Carolina
October 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The management of Sedgefield 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 District's net position decreased by \$88,605 (or 4.57%) to \$1,852,243 compared to the previous year end. Net position invested in capital assets increased by \$202,483 (or 59.2%) compared to the previous year end.
- Unrestricted net position decreased by \$298,998 compared to the previous year end to \$1,307,737.
- The business-type activity operating revenues were \$114,500 for the fiscal year ended June 30, 2021.
- Total operating expenses of District's programs were \$348,230 during the fiscal year ended June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Sedgefield Sanitary District's basic financial statements. The District's basic financial statements consist of two components: (1) fund financial statements, and (2) notes to the financial statements.

Basic Financial Statements

The first three statements (Exhibits 1 through 3) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the district’s government. These statements are proprietary fund statements.

Notes to the Financial Statements - The next section of the financial statements are the 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. The notes to the financial statements are on pages 10 through 17 of this report. After the notes, required **supplementary information** is provided to show details about the District’s proprietary fund.

Fund Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the District’s most significant activities by focusing on the individual activities of its major fund (Sewer Fund). A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance, or noncompliance, with finance-related legal requirements, such as the General Statutes or the District’s budget ordinance. All of the funds of the District are considered proprietary funds.

Sedgefield Sanitary District’s Net Position

Figure 1

	Business-Type Activities	
	2021	2020
Current and other assets	\$ 1,178,483	\$ 1,442,674
Capital assets	544,506	342,023
Total assets	1,722,989	1,784,697
Current liabilities	48,905	23,343
Total liabilities	48,905	23,343
Net position:		
Invested in capital assets	544,506	342,023
Unrestricted	1,307,737	1,606,735
Total net position	\$ 1,852,243	\$ 1,948,758

Net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Sedgefield Sanitary District exceeded liabilities by \$1,852,243 as of June 30, 2021. The District’s net position decreased by \$88,605 for the fiscal year ended June 30, 2021. A portion of net position (29.4%) reflects the District’s investment in capital assets (e.g., land, buildings, machinery, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of \$1,307,737 is unrestricted.

One aspect of the District’s financial operations positively influenced the total unrestricted governmental net assets.

- The District collected property taxes with a tax collection percentage of 99.75%. The statewide average in fiscal year 2021 was 98.78%

Sedgefield Sanitary District’s Net Position
Figure 2

	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 114,500	\$ 117,156
General revenues:		
Property taxes	122,566	119,903
Vehicle taxes	14,687	13,036
Other revenues	7,872	15,929
Total revenues	259,625	266,024
Expenses:		
Sewer	348,230	291,089
Increase (decrease) in net position	(88,605)	(25,065)
Net position, beginning, restated	1,940,848	1,973,823
Net position, ending	\$1,852,243	\$ 1,948,758

Changes from prior year:

Business-Type Activities - Business-type activities decreased Sedgefield Sanitary District’s net position by \$88,605.

Proprietary Funds - Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$1,307,737. The Sewer Fund had a decrease in net position of \$88,605.

Capital Assets and Debt Administration

Capital Assets - Sedgefield Sanitary District’s net investment in capital assets for its business-type activities as of June 30, 2021 totals \$544,506 (net of accumulated depreciation). These assets include land, machinery and equipment and infrastructure.

Sedgefield Sanitary District's Capital Assets (Net of Depreciation)
Figure 3

		Activities		
		2021	2020	
Land	\$	1	\$	1
Sewer lines		335,310		328,620
Machinery and equipment		209,195		13,402
Total	\$	544,506	\$	342,023

Additional information on the District's capital assets can be found in Note 2 of the Basic Financial Statements.

Long-Term Debt - As of June 30, 2021, Sedgefield Sanitary District had no total debt outstanding.

Budget and Actual Highlights for the Fiscal Year Ended June 30, 2021

Maintenance and repair of lines are up because of repairs made to damaged sewer lines. Treatment costs are up because of the dry weather the previous summer. Several budgetary accounts show significant changes. Sewer charges are under budget due to conservative budget practices. Maintenance and repair of lines is over budget because of additional repair work that was not done in the prior year. Treatment costs are over budget because of a rate increase from the City of High Point for waste treatment which was not anticipated.

Budget and Actual Highlights for the Fiscal Year Ended June 30, 2021

Business-Type Activities

The District anticipates significant cost increases in treatment costs by the City of High Point during the fiscal year June 30, 2021 due to incinerator rehabilitation and emissions improvements. The District may have to increase treatment fees due to the significant cost of these improvements.

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 the Finance Officer, Erin Johnson, P. O. Box 79056, Greensboro, NC 27407, (336) 299-8879.

BASIC FINANCIAL STATEMENTS

*Statement of Net Position
Proprietary Fund
June 30, 2021*

	Major Enterprise Fund	
	Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,163,475	\$ 1,163,475
Accounts receivable (Note 2)	15,008	15,008
Total current assets	<u>1,178,483</u>	<u>1,178,483</u>
Capital assets (Note 1):		
Land and other non-depreciable assets	1	1
Other capital assets, net of depreciation	544,505	544,505
Total capital assets	<u>544,506</u>	<u>544,506</u>
Other assets	<u>178,159</u>	<u>178,159</u>
Total assets	<u>1,901,148</u>	<u>1,901,148</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	47,935	47,935
Unearned revenue	970	970
Total liabilities	<u>48,905</u>	<u>48,905</u>
NET POSITION		
Net investment in capital assets	544,506	544,506
Unrestricted	1,307,737	1,307,737
Total net position	<u>\$ 1,852,243</u>	<u>\$ 1,852,243</u>

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

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2021

Exhibit 2

	Major Enterprise Fund	
	Sewer Fund	Total
Operating Revenues:		
Charges for services	\$ 113,000	\$ 113,000
Connection fees	1,500	1,500
Total Operating Revenues	114,500	114,500
Operating Expenditures:		
Administrative and General:		
Salaries and wages	41,909	41,909
Employee benefits	3,300	3,300
Payroll taxes	3,482	3,482
Travel	423	423
Commissioner meeting expenses	298	298
Occupancy	12,267	12,267
Insurance	1,634	1,634
Professional services	9,533	9,533
Office supplies and expense	17,271	17,271
Miscellaneous	1	1
Total Administrative and General	90,118	90,118
Treatment Costs:		
Maintenance and repairs	92,923	92,923
Contract treatment costs	113,436	113,436
Depreciation and amortization	51,753	51,753
Total Treatment Costs	258,112	258,112
Total Operating Expenses	348,230	348,230
Operating Income (Loss)	(233,730)	(233,730)
Nonoperating Revenues (Expenses):		
Special district tax	122,566	122,566
Vehicle taxes	14,687	14,687
Rent - non-operating properties	3,577	3,577
Investment income	4,295	4,295
Total Nonoperating Revenues (Expenses)	145,125	145,125
Change in Net Position	(88,605)	(88,605)
Net Position, Previously reported	1,948,758	1,948,758
Restatement	(7,910)	(7,910)
Net Position, Beginning	1,940,848	1,940,848
Net Position, Ending	\$ 1,852,243	\$ 1,852,243

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

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

Exhibit 3

*Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2021*

	Major Enterprise Fund	
	Sewer Fund	Total
Cash Flows from Operating Activities:		
Cash received from customers	\$ 114,082	\$ 114,082
Cash paid for goods and services	(233,140)	(233,140)
Cash paid for or on behalf of employees for services	(45,683)	(45,683)
Other receipts	3,577	3,577
Net Cash Provided (Used) by Operating Activities	<u>(161,164)</u>	<u>(161,164)</u>
Cash Flows From (Used) by Noncapital Financing Activities:		
Special district tax	<u>137,188</u>	<u>137,188</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>137,188</u>	<u>137,188</u>
Cash Flows From (Used) by Capital Financing Activities:		
Acquisition of capital assets	<u>(244,982)</u>	<u>(244,982)</u>
Net Cash From (Used) by Capital Financing Activities	<u>(244,982)</u>	<u>(244,982)</u>
Cash Flows From Investing Activities:		
Interest on investments	<u>4,568</u>	<u>4,568</u>
Net Cash Provided by Investing Activities	<u>4,568</u>	<u>4,568</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(264,390)	(264,390)
Cash and Cash Equivalents, Beginning	<u>1,427,865</u>	<u>1,427,865</u>
Cash and Cash Equivalents, Ending	<u><u>1,163,475</u></u>	<u><u>1,163,475</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	(233,730)	(233,730)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and amortization	51,753	51,753
Decrease (Increase) in Accounts Receivable	3,010	3,010
Increase (Decrease) in Accounts payable	17,803	17,803
Total adjustments	<u>72,566</u>	<u>72,566</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (161,164)</u></u>	<u><u>\$ (161,164)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of Sedgfield 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:

Reporting Entity

Sedgfield Sanitary District is a municipal corporation which is governed by an elected chairman and a four-member board.

Basis of Presentation - Fund Accounting

Fund Financial Statements – Separate statements for proprietary funds are presented. The emphasis of fund financial statements is on major enterprise funds, each displayed in a separate column. All remaining enterprise funds are aggregated and reported as non-major funds.

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 District reports the following major enterprise fund:

Sewer Fund – The fund is used to account for the District’s sewer operations.

Measurement Focus and Basis of Accounting

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

Proprietary Fund Financial Statements – The proprietary fund financial statements are reported using the economic resources measurement focus. 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. Non-exchange transactions, in which the Sanitary 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’s enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the costs of connecting new customers to the sewer system.

SEDGEFIELD SANITARY DISTRICT, NORTH CAROLINA

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Concluded)

Operating expenses for enterprise funds include the costs 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.

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 are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Budgetary Data

The District maintains budgetary controls over its enterprise fund, as required by North Carolina General Statutes 159-42 (c-d). An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the enterprise fund or at the object level for multi-year funds. 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 that time until the annual ordinance can be adopted.

Assets, Liabilities, and Net Position

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 and loan association whose principal office is located in North Carolina. Also, the District may establish time deposit accounts such as NOW and Super NOW 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 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).

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

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 July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. 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 Sewer Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables written off in prior years.

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 are as follows:

Asset Class	Cost
Land	\$ 100
Sewer Lines	20,000
Equipment	5,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated on a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land improvements, infrastructure	20-50 years
Equipment	3-10 years

SEDGEFIELD SANITARY DISTRICT, NORTH CAROLINA

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Concluded)

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 no 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 no items that meet the criterion for this category.

Net position

Net position in proprietary fund financial statements are classified as net investment in capital assets and unrestricted.

II. DETAIL NOTES ON ALL FUNDS

Assets

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 agent in the District's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the District, these deposits are considered to be held by the District's agent in the District's name. The amount of 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 provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

Assets (Continued)

Deposits (Concluded)

At June 30, 2021, the District's deposits had a carrying amount of \$1,163,475, and a bank balance of \$1,176,403. All of the bank balances were covered by federal depository insurance.

Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

<u>Business-type Activities</u>		
Accounts receivable (net) - billed	\$	12,392
Taxes receivable		2,506
Accrued interest		110
		<hr/>
Total receivables	\$	<u>15,008</u>

Ad Valorem Taxes

According to the North Carolina General Statutes, ad valorem taxes levied on July 1, the beginning of the fiscal year, are due September 1, but penalties do not accrue until the following January 6. On June 30, they are materially past due and, consequently, cannot be considered as a resource that can be used to finance the government operations for this year although the amount due is measurable.

The District has entered into an agreement with Guilford County, North Carolina to bill and collect its ad valorem taxes.

Cash and Cash Equivalents

The composition at June 30, 2021 is as follows:

Demand Cash	\$	16,073
Certificates of deposit		1,147,402
		<hr/>
	\$	<u>1,163,475</u>

SEDGEFIELD SANITARY DISTRICT, NORTH CAROLINA

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

Assets (Continued)

Changes in Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 1	\$ -	\$ -	\$ 1
Total capital assets not being depreciated	1	-	-	1
Capital assets being depreciated:				
Sewer Lines	1,162,609	41,352	-	1,203,961
Equipment	39,552	203,630	-	243,182
Total capital assets being depreciated	1,202,161	244,982	-	1,447,143
Less accumulated depreciation for:				
Sewer Lines	833,989	34,662	-	868,651
Equipment	26,150	7,837	-	33,987
Total accumulated depreciation	860,139	42,499	-	902,638
Total capital assets being depreciated, net	342,022			544,505
Business-type Activities Capital Assets, Net	\$ 342,023			\$ 544,506

Wastewater Treatment Rights

The District entered into a joint-use facility agreement with the City of High Point on May 31, 2000. The agreement required the District to pay \$370,200 for its share of the capacity use allocation to upgrade and expand the Eastside Wastewater Treatment Plant. This cost is amortized over 40 years using the straight-line method.

Rights purchased	\$ 370,200
Accumulated amortization	(192,041)
Unamortized balance	\$ 178,159

SEDGEFIELD SANITARY DISTRICT, NORTH CAROLINA

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

II. DETAILED NOTES ON ALL FUNDS

Assets (Concluded)

Wastewater Treatment Rights (Concluded)

Future amortization is as follows:

Year Ending, June 30,		
2022	9,255	
2023	9,255	
2024	9,255	
2025	9,255	
2026	9,255	
Thereafter	131,884	
	\$ 178,159	

Liabilities

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at the government-wide level at June 30, 2021 were as follows:

Business-type Activities		
Vendors	\$ 47,731	
Employee reimbursement	204	
Total	\$ 47,935	

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has property and workers' compensation insurance. Claims have not exceeded coverage in any of the past three fiscal years. 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.

III. RELATED PARTY TRANSACTIONS

The District rents office space from a member of the board of commissioners. This leased space is considered a month-to-month lease and is currently leased at a rate of \$825 per month. Total rent expense paid during the fiscal year ended June 30, 2021 by the District to a member of the board of commissioners was \$9,900.

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

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

IV. RESTATEMENTS

During the fiscal year ended June 30, 2021, the District determined that certain amounts related to the business-type entity accounts payable accrual were not properly calculated at the end of the fiscal year June 30, 2020. Accrued accounts payable was adjusted to reflect accurate beginning of year balances for the major enterprise fund. The effect was a \$7,910 decrease to net position.

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The District has evaluated all subsequent events through October 28, 2021, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

This section contains additional information required by generally accepted accounting principles and/or is included to demonstrate compliance with North Carolina General Statutes.

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

Schedule 1
(Page 1 of 2)

Enterprise Fund – Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Charges for Services:			
Sewer Charges	\$ -	\$ 113,000	\$ -
Connection fees	-	1,500	-
Total operating revenues	118,000	114,500	(3,500)
Non-operating revenues:			
Special district tax		122,566	
Vehicle tax		14,687	
Rent - non-operating properties		3,577	
Investment earnings		4,295	
Total Non-operating revenues	134,000	145,125	11,125
Total revenues	252,000	259,625	7,625
Expenditures:			
Administrative and General:			
Salaries and employee benefits		41,909	
Employee benefits		3,300	
Payroll taxes		3,482	
Travel		423	
Commissioners meeting expense		298	
Occupancy		12,267	
Insurance		1,634	
Professional services		9,533	
Office supplies and expense		17,271	
Bad debt expense		-	
Miscellaneous		1	
Total administrative and general expenses	99,200	90,118	9,082
Sewage Treatment and Disposal Expenses:			
Maintenance and repairs		92,923	
Contract treatment costs		113,436	
Total sewage treatment and disposal expenses	181,000	206,359	(25,359)
Total expenditures	280,200	296,477	(16,277)
Revenues Over (Under) Expenditures	(28,200)	(36,852)	(8,652)
Fund Balance Appropriated	28,200	-	(28,200)
Net Change in Fund Balance	\$ -	\$ (36,852)	\$ (36,852)

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

SEDGEFIELD SANITARY DISTRICT, NORTH CAROLINA

Schedule 1
(Page 2 of 2)

Enterprise Fund – Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

**Reconciliation of Modified Accrual Basis to
Full Accrual Basis:**

Revenues over (under) expenditures (as above)	\$ (36,852)
Reconciling items:	
Depreciation and amortization	(51,753)
Change in Net Position (Exhibit 2)	<u>\$ (88,605)</u>

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

*Schedule of Ad Valorem Taxes Receivable
June 30, 2021*

	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021		\$ 137,185	\$ 136,838	\$ 347
2019 - 2020	731	-	685	46
2018 - 2019	43		4	39
2017 - 2018	14		1	13
2016 - 2017	14		1	13
2015 - 2016	14		-	14
2014 - 2015	13		-	13
2013 - 2014	93		3	90
2012 - 2013	105		4	101
2011 - 2012	90		33	57
2010 - 2011	58		58	-
	<u>\$ 1,175</u>	<u>\$ 137,185</u>	<u>\$ 137,627</u>	<u>\$ 733</u>

Reconcilement with revenues:

Ad Valorem Taxes	\$ 137,253
Reconciling items:	
Interest collected	(169)
10-year write off	(58)
Late filing penalties	-
Adjustments and corrections	601
	<u>601</u>
Total collections and credits	<u>\$ 137,627</u>

SEDFIELD SANITARY DISTRICT, NORTH CAROLINA

Schedule 3

*Analysis of Current Tax Levy
District-Wide Levy
June 30, 2021*

	District-Wide		Total Levy		
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 382,525,000	0.036	\$ 137,709	\$ 123,022	\$ 14,687
Penalties			-	-	
Total	<u>382,525,000</u>		<u>137,709</u>	<u>123,022</u>	<u>14,687</u>
Discoveries					
Current year taxes	\$ 1,227,778	0.036	442	442	-
Abatements, Discounts and Rebates	<u>\$ (2,683,333)</u>	0.036	<u>(966)</u>	<u>(966)</u>	<u>-</u>
Net levy	\$ 381,069,445		137,185	122,498	14,687
Less, uncollected tax at June 30, 2021			<u>(347)</u>	<u>(347)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 136,838</u>	<u>\$ 122,151</u>	<u>\$ 14,687</u>
Current levy collection percentage			<u>99.75%</u>	<u>99.72%</u>	<u>100.00%</u>