

REVIEWED

By SLGFD at 10:25 am, May 26, 2022

**Woodfin Sanitary Water and Sewer District
Asheville, North Carolina**

Financial Statements

June 30, 2021

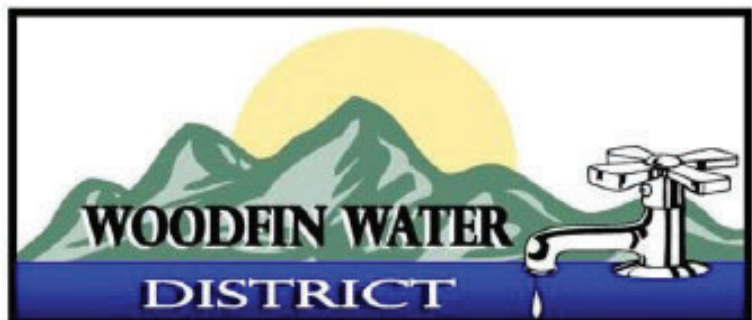
Woodfin Sanitary Water and Sewer District

Board of Trustees

Sarah Gassaway, Chair
Don Haynes, Vice Chair
Ivo Ballentine, Secretary

Management

Joseph Martin, Director & Fiscal Officer



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GOULD KILLIAN
CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Trustees
Woodfin Sanitary Water and Sewer District
Asheville, North Carolina

We have audited the accompanying financial statements of the Woodfin Sanitary Water and Sewer District which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Woodfin Sanitary Water and Sewer District as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years 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 Management's Discussion and Analysis on pages 3-8 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

 CPA Group, P.A.

Asheville, North Carolina
May 9, 2022

WOODFIN SANITARY WATER AND SEWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

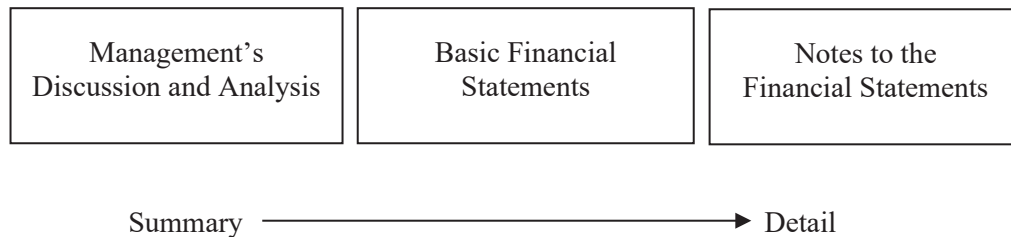
Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,493,301 (net position). Of this amount \$3,336,534 may be used to meet the District's ongoing obligations to creditors and to pay for system improvements.
- The District's total net position increased by \$387,757.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components (see Figure 1): 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 District.

Figure 1 – Required Components of Annual Financial Report



Basic Financial Statements

Woodfin Sanitary Water and Sewer District operates as a singular enterprise fund. All activities of the District are considered business-type activities. Business-type activities are those that the District charges customers to provide water services.

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

The Statement of Revenues, Expenses, and Changes in Net Position is used in evaluating whether the District has recovered all of its costs through revenues. Its information is used in determining credit worthiness.

The Statement of Cash Flows reports cash inflows and outflows in the following categories: operating, investing, and financing activities. Based on this data, the user can determine the sources of cash, and the change in cash.

The next section of the basic financial statements is the notes, which explain in detail some of the data contained in those statements and should be read in conjunction with the 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 begin on page 12 of this report.

DISTRICT'S NET POSITION

Table 1

	FY 2021	FY 2020	FY 2019
Current and other assets	\$ 3,869,318	\$ 3,482,350	\$ 3,878,627
Capital assets, net	8,156,767	8,088,814	7,636,927
Total assets	12,026,085	11,571,164	11,515,554
Deferred outflows of resources	198,227	164,164	194,809
Long-term liabilities outstanding	404,252	338,610	314,270
Other liabilities	326,759	291,066	485,946
Total liabilities	731,011	629,676	800,216
Deferred inflows of resources	-	108	1,463
Net position:			
Net investment in capital assets	8,156,767	8,088,814	7,435,537
Unrestricted	3,336,534	3,016,730	3,473,147
Total net position	\$ 11,493,301	\$ 11,105,544	\$ 10,908,684

As noted earlier, net position may serve over time as one useful indicator of an entity's financial condition. The assets and deferred outflows of the District exceeded liabilities and deferred inflows by \$11,493,301 at June 30, 2021. The District's net position increased by \$387,757 for the fiscal year ended June 30, 2021. However, the largest portion (approximately 71%) reflects the District's net investment in capital assets (e.g. land, buildings, treatment facility, water lines, equipment, etc.). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of \$3,336,534 is unrestricted.

Three particular aspects of the District's financial operations influenced the total unrestricted net position:

- Cash flow generated from operations was approximately \$413,000.
- Revenues increased total of \$520,000 with \$178,000 be charges for services.
- Operating expenses remained consistent from prior year with water distribution costs increasing approximately 6% due to higher salary and benefit costs.
- Booking of the District's proportionate share of pension liabilities as required by GASB Statement 68.

DISTRICT'S CHANGES IN NET POSITION**Table 2**

	FY 2021	FY 2020	FY 2019
Operating revenues:			
Charges for services, net	\$ 1,659,820	\$ 1,481,248	\$ 1,466,131
Other operating revenues	658,710	316,804	309,522
Total operating revenues	<u>2,318,530</u>	<u>1,798,052</u>	<u>1,775,653</u>
Operating expenses:			
Operations	1,869,033	1,789,147	1,769,523
Depreciation	295,115	272,558	257,759
Total operating expenses	<u>2,164,148</u>	<u>2,061,705</u>	<u>2,027,282</u>
Operating income (loss)	<u>154,382</u>	<u>(263,653)</u>	<u>(251,629)</u>
Non-operating revenues (expenses):			
Investment income (loss)	13,611	60,266	134,152
Gain (loss) on disposal of equipment	-	14,425	-
Low income support program	(1,166)	(1,528)	(852)
Total non-operating revenues (expenses)	<u>12,445</u>	<u>73,163</u>	<u>133,300</u>
Capital contributions	<u>220,930</u>	<u>387,350</u>	<u>188,740</u>
Change in net position	387,757	196,860	70,411
Total net position, beginning of year	<u>11,105,544</u>	<u>10,908,684</u>	<u>10,838,273</u>
Total net position, end of year	<u>\$ 11,493,301</u>	<u>\$ 11,105,544</u>	<u>\$ 10,908,684</u>

The Condensed Summary of Revenues, Expenses, and Changes in Net Position shown in Table 2 above provides information concerning what contributed to the net changes reported in Table 1. Several factors impacted the District's ability to keep its net asset comparable to the prior year with a total increase in net position from \$11,105,544 to \$11,493,301.

- *Operating Revenues:* All District customers realized a small water rate increase in FY 2021 to help offset increased operational costs, including water purchased from the City of Asheville. Total operating revenues increased from FY 2020 to FY 2021, the reason

being a new apartment complex project on Aiken Road. Developer-contributed capital projects helped offset operational depreciation costs.

- *Operating Expenses:* Operating expense increases in FY 2021 were largely incremental related to general inflation figures. There was an increase in wages within the water distribution department.

Budgetary Highlights. During the fiscal year, the District revised the budget one time. Generally budget amendments fall into one of several categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants or large, unanticipated revenue increases; 3) increases in appropriations that become necessary to maintain services; and 4) projects or programs budgeted for in a previous fiscal year that were not completed and required reauthorization to be completed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets as of June 30, 2021, totals \$8,156,767 (net of accumulated depreciation). These assets include land (including easements), land improvements including a water treatment facility, approximately 100 miles of water mains, equipment and machinery, service vehicles, office machines, and computer hardware and software.

Major capital asset transactions during the year include the following:

- Approximately \$88,000 for the Meter Replacement Program
- Approximately \$50,000 for a new Excavator

DISTRICT'S CAPITAL ASSETS

Table 3

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
Land	\$ 228,517	\$ 228,517	\$ 228,517
Construction in progress	87,856	-	262,419
Plant and distribution systems	7,642,529	7,667,633	6,976,720
Furniture & fixtures	13,436	24,907	39,700
Equipment	133,710	99,963	101,848
Vehicles	50,719	67,794	27,723
Total capital assets, net	<u>\$ 8,156,767</u>	<u>\$ 8,088,814</u>	<u>\$ 7,636,927</u>

Debt Administration. At June 30, 2021, the District's only long-term debt was a capital lease for office equipment in the amount of \$6,900.

ECONOMIC FACTORS

The local economy of the Asheville area has continued to provide challenges with regards to budget forecasting, revenue predictions and expense control. There has been continual strong demand for housing projects and light commercial in the District's service area, but the speed of project completion has been difficult to determine. This has meant that overall new connection charges has remained strong, but active regular water users in the District have not materialized as fast as connections. Most of the District's growth has been in the north and west areas outside District boundaries, and this is anticipated to continue for the next several years.

Despite a larger service area that has increased annual operational costs, the District has avoided major rate increases on the existing customer base thanks largely to revenue generated from new connections and efforts taken in years past to reduce or minimize fixed expenditures. Examples of these efforts include projects such as construction of new gravity-fed water storage tanks to reduce pumping and electrical costs and increasing automation efforts at remote sites to minimize the need for additional operational personnel.

The District still maintains a healthy level of liquid assets of nearly three years of operational expenses, far beyond the three-to-six month reserves of most municipalities. Unfortunately, the historically low interest rate environment has meant that District investments have produced minimal interest income. Based on that assumption, it is likely that budgets in the near future will continue to focus on areas that can reduce District operational expenditures, and the District will remain committed to controlling inflationary and other outside influences on its operational budgets.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2022

The FY2022's budget includes a 3% rate increase on consumption and a fifty cents per month increase on fixed charges to help offset the tremendous levels of cost inflation the District has experienced in parts and service purchases, as parts costs for materials made of metals has skyrocketed. For FY 2022, the District will continue the implementation of a fully operational its own in-house pipe construction crew to install approximately two miles of replacement and new construction piping. This crew replaces most of the pipeline installation projects contained within the capital improvements plan. This began in FY 2021, but the COVID-19 pandemic and resulting disruptions rendered it largely inactive during the fiscal year. Other projects include funding for one service vehicle, automated meter installation, SCADA upgrades, and ongoing funding for fire hydrant repairs and replacement.

A combination cost of living increase for the District's employees of 3% is proposed for FY 2022, with slightly higher merit increases for lower-salaried employees below \$40,000.

District customers continue to realize some of the lowest water rates in all of North Carolina – nearly 65% below the median level of utilities in the state - and well below those of neighboring water systems. Rate increases have been avoided by focusing on efficiency improvements and by assigning increased costs to activities that generate those costs. The District's capital improvement program was completely overhauled for FY 2021 by employing a full-time in-house pipe installation crew to reduce the costs of pipe replacement outsourced to contractors.

The District's overall financial position remains quite healthy and the system continues to receive awards and recognition for its operations. This conservative but proactive philosophy will ensure that water remains extremely affordable for all of its residents and that growth can be accommodated into the foreseeable future.

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 Dr. Joseph Martin, Director at Woodfin Sanitary Water and Sewer District, PO Box 8452, Asheville, NC 28814. Additional information regarding the District can also be found on the District's website at www.woodfinwater.com.

WOODFIN SANITARY WATER AND SEWER DISTRICT

STATEMENTS OF NET POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,271,131	\$ 2,997,323
Accounts receivable:		
Water sales - net	412,433	310,234
Other governmental agencies	18,708	18,381
MSD contract fees	8,876	12,429
Restricted cash and cash equivalents	74,355	69,521
Prepaid expenses	5,814	19,695
Supplies inventory	<u>73,148</u>	<u>52,806</u>
Total current assets	<u>3,864,465</u>	<u>3,480,389</u>
Noncurrent Assets:		
Investments	4,853	1,961
Property and equipment, net	<u>8,156,767</u>	<u>8,088,814</u>
Total noncurrent assets	<u>8,161,620</u>	<u>8,090,775</u>
Total assets	<u>12,026,085</u>	<u>11,571,164</u>
Deferred Outflows of Resources		
Pension deferrals	<u>198,227</u>	<u>164,164</u>
Liabilities		
Current Liabilities:		
Accounts payable	81,668	48,952
Payroll and related liabilities	23,876	29,541
Capital lease payable, current	2,274	1,797
Accrued vacation, current	11,821	15,855
Prepaid service fees	25,351	25,854
Payable from restricted assets:		
HRA Liability - Employee W/H	79,750	69,521
Due to MSD	<u>102,019</u>	<u>99,546</u>
Total current liabilities	<u>326,759</u>	<u>291,066</u>
Long-term Liabilities:		
Capital lease payable, net	4,628	6,741
Net pension liability (LERS)	352,340	268,450
Accrued vacation	<u>47,284</u>	<u>63,419</u>
Total long-term liabilities	<u>404,252</u>	<u>338,610</u>
Total liabilities	<u>731,011</u>	<u>629,676</u>
Deferred Inflows of Resources		
Pension deferrals	<u>-</u>	<u>108</u>
Net Position		
Net investment in capital assets	8,156,767	8,088,814
Unrestricted	<u>3,336,534</u>	<u>3,016,730</u>
Total net position	<u>\$ 11,493,301</u>	<u>\$ 11,105,544</u>

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

BASIC FINANCIAL STATEMENTS

WOODFIN SANITARY WATER AND SEWER DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services, net	\$ 1,659,820	\$ 1,481,248
Other operating revenues	<u>658,710</u>	<u>316,804</u>
Total operating revenues	<u>2,318,530</u>	<u>1,798,052</u>
Operating expenses:		
Raw water supply	302,378	304,302
Water purchases from City of Asheville	217,100	205,789
Water distribution	851,418	800,611
Administrative and general	498,137	478,445
Depreciation	<u>295,115</u>	<u>272,558</u>
Total operating expenses	<u>2,164,148</u>	<u>2,061,705</u>
Operating income (loss)	<u>154,382</u>	<u>(263,653)</u>
Nonoperating revenues (expenses):		
Investment income, net	13,611	60,266
Sale of capital asset	-	14,425
Interest expense	<u>(1,166)</u>	<u>(1,528)</u>
Total non-operating revenues (expenses)	<u>12,445</u>	<u>73,163</u>
Income (loss) before contributions	166,827	(190,490)
Capital contributions	<u>220,930</u>	<u>387,350</u>
Change in net position	387,757	196,860
Net position, beginning of year	<u>11,105,544</u>	<u>10,908,684</u>
Total net position, end of year	<u>\$ 11,493,301</u>	<u>\$ 11,105,544</u>

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

WOODFIN SANITARY WATER AND SEWER DISTRICT

STATEMENTS OF CASH FLOWS For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,215,828	\$ 1,700,735
Cash paid to employees for services	(701,921)	(632,915)
Cash paid for goods and services	<u>(1,101,044)</u>	<u>(1,021,713)</u>
Net cash provided by operating activities	<u>412,863</u>	<u>46,107</u>
Cash Flows from Capital and Related Financing Activities:		
Capital lease payments, principal and interest	(2,802)	(3,056)
Acquisition and construction of capital assets	<u>(142,138)</u>	<u>(538,485)</u>
Net cash used by capital and related financing activities	<u>(144,940)</u>	<u>(541,541)</u>
Cash Flows from Investing Activities:		
Proceeds from bonds called	-	2,536,167
Proceeds from sale of capital asset	-	14,425
Purchase of investments	(2,892)	-
Investment income	<u>13,611</u>	<u>47,029</u>
Net cash provided by investing activities	<u>10,719</u>	<u>2,597,621</u>
Net increase in cash and cash equivalents	278,642	2,102,187
Cash and cash equivalents, beginning of year	<u>3,066,844</u>	<u>964,657</u>
Cash and cash equivalents, end of year	<u>\$ 3,345,486</u>	<u>\$ 3,066,844</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 154,382	\$ (263,653)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	295,115	272,558
Changes in operating assets and liabilities:		
Accounts receivable	(98,973)	(16,102)
Prepaid expenses	13,881	(1,517)
Supplies inventory	(20,342)	(6,847)
Deferred outflows of resources - pensions	(34,063)	30,645
Accounts payable and accrued liabilities	19,584	69,538
Prepaid service fees	(503)	4,904
Customer deposits	-	(73,280)
Net pension liability	83,890	31,216
Deferred inflows of resources - pensions	<u>(108)</u>	<u>(1,355)</u>
Net cash provided by operating activities	<u>\$ 412,863</u>	<u>\$ 46,107</u>
Supplemental Cash Flow Information:		
Noncash capital contributions - system assets contributed by developer	<u>\$ 220,930</u>	<u>\$ 387,350</u>
Net change in construction contracts payable	<u>\$ -</u>	<u>\$ (201,390)</u>

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

WOODFIN SANITARY WATER AND SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

The District is a body corporate and politic in Buncombe County, North Carolina, created pursuant to Chapter 237, Public Local Laws, 1927, as amended by Chapter 447, Public Local Laws, 1929. The District is governed by three elected board members and a board-appointed director. As required by generally accepted accounting principles, these financial statements present all transactions of the District for which the District is financially accountable.

The District was formed to provide drinking water and sanitation services to the area of North Buncombe County between the City of Asheville and the Town of Weaverville. Over the last 95 years, the District has grown to serve a population of nearly 10,000 spread over 3 municipalities and Buncombe County. In 1991, the District's sanitation lines were turned over to Metropolitan Sewerage District of Buncombe County for operation and maintenance.

Currently, the District maintains over 100 miles of distribution lines, a 2 million gallons per day capacity treatment plant, 3.25 million gallons of water storage facilities, as well as numerous pumping stations, fire hydrants, and other appurtenances necessary for the safe and efficient operation of the system. Service areas within the District include parts of the City of Asheville, Town of Woodfin, Town of Weaverville, and unincorporated areas of Buncombe County.

The operations of the District include water production which is the collection and treatment of surface water from the District's reservoir at the headwaters of Reems Creek; and water distribution, which is the delivery of potable water to consumers through the District's distribution network. The District also distributes water purchased from the City of Asheville for resale, the majority of which is treated and distributed from the City's North Fork Reservoir.

B. Basis of Presentation

The accounts of the District are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The District accounts for its operations as an enterprise fund. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, and all liabilities associated with the operation of this fund are included on the statement of net position. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

The District's fund is maintained on the modified accrual basis during the year; however, the financial statements for the District have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, payments of principal on outstanding debt, and capital outlay.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Authority's use of estimates includes allowances for bad debts, depreciation, accrued expenses, and pension liabilities and deferrals. Actual results could differ from those estimates.

E. Budget

The District's annual budget is adopted as required by the North Carolina General Statutes. All annual appropriations lapse at the fiscal year-end. The budget is prepared using the modified accrual basis of accounting. However, for financial statement presentation, recorded revenues and expenditures are adjusted to the accrual basis. Expenditures may not legally exceed appropriations at the functional level. All amendments must be approved by the governing board and the board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The budget and any amendments made during the year are submitted for approval to the governing board.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the District to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. 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.

In accordance with State law, the District has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Allowance for Doubtful Accounts

Accounts receivable are carried at original billing amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. With board approval, accounts are written off when deemed uncollectible. Revenue from charges for services are reported net of such write-offs. Recoveries of trade receivables previously written off are recorded as revenue when received.

4. Supplies Inventory

Supplies inventory consists of materials and supplies used to maintain and repair equipment and facilities used to provide water to customers and are valued at the lower of cost (first in, first out) or market. The cost of these inventories is recorded as an expense as the inventories are consumed.

5. Restricted Assets

Customer deposits held by the District before any services are supplied are restricted to the service for which the deposit was collected. The health investment account represents funds held by the District on behalf of employees and is only available for employees' HRA purposes.

6. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Plant and distribution systems	40 - 50 years
Large equipment	20 years
Furniture and office equipment	5 - 10 years
Vehicles and equipment	5 - 8 years

7. Deferred Outflows/Inflows of Resources

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

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

8. Compensated Absences

The District's vacation policy provides for the accumulation of unlimited vacation time until December 31 of each year, at which time forty days may be carried over into the following year. For employees who have taken at least five days of leave time during the year, the excess vacation time at the end of the year is converted to sick leave; otherwise, employees must forfeit the excess time. An expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The District has assumed a first-in, first-out method of using accumulated compensated time.

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

9. Net Position

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Districts' employer contributions are recognized when due and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2 – Detail Notes on All Funds**A. Assets****1. Deposits**

All of the deposits of the District are either 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 District, these deposits are considered to be held by the 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 District or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the District under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The District has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The District complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the District's deposits had a carrying amount of \$3,345,286 and a bank balance of \$3,410,696. Of the bank balance, \$648,711 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the District's petty cash fund totaled \$200.

2. Investments

Investment balances at June 30, 2021 and 2020 were as follows:

Investment Type	Valuation	Book Value at June 30, 2021	Maturity Date	S&P Rating
	Measurement Method			
NC Capital Management				
Trust - Government Portfolio	Level 1	\$ 4,853	N/A	AAAm
		\$ 4,853		

Investment Type	Valuation	Book Value at June 30, 2020	Maturity Date	S&P Rating
	Measurement Method			
NC Capital Management				
Trust - Government Portfolio	Level 1	\$ 1,961	N/A	AAAm
		\$ 1,961		

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. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The District has no formal policy regarding interest rate risk.

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 by Standard & Poor's as of June 30, 2021.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no formal policy on custodial credit risk.

Concentration of Credit Risk. The District's Board places no limit on the amount that the District may invest in any one issuer. The District's investments were composed of approximately 100% in NCCMT at June 30, 2021.

3. Investment Income

The District has chosen to report its investment earnings net of investment losses. The District's investment income is reported as follows:

	2021	2020
Investment income	\$ 13,611	\$ 47,029
Unrealized gains	-	13,237
Net investment income	<u>\$ 13,611</u>	<u>\$ 60,266</u>

4. Accounts Receivable

Accounts receivable at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Water sales billed	\$ 352,269	\$ 251,824
Water sales unbilled	187,433	185,410
Allowance for doubtful accounts	<u>(127,269)</u>	<u>(127,000)</u>
Accounts receivable, water sales, net	<u>412,433</u>	<u>310,234</u>
Other governmental agencies	18,708	18,381
MSD contract fees	<u>8,876</u>	<u>12,429</u>
Total accounts receivable	<u>\$ 440,017</u>	<u>\$ 341,044</u>

5. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 228,517	\$ -	\$ -	\$ 228,517
Construction in progress	-	87,856	-	87,856
Total capital assets not being depreciated	228,517	87,856	-	316,373
Capital assets being depreciated:				
Plant and distribution system	12,100,922	220,930	-	12,321,852
Furniture and fixtures	100,148	-	-	100,148
Equipment	400,883	54,282	-	455,165
Vehicles	194,462	-	-	194,462
Total capital assets being depreciated	12,796,415	275,212	-	13,071,627
Less accumulated depreciation for:				
Plant and distribution system	4,433,289	246,034	-	4,679,323
Furniture and fixtures	75,241	11,471	-	86,712
Equipment	300,920	20,535	-	321,455
Vehicles	126,668	17,075	-	143,743
Total accumulated depreciation	4,936,118	295,115	-	5,231,233
Total capital assets being depreciated, net	7,860,297			7,840,394
Total capital assets	<u>\$ 8,088,814</u>			<u>\$ 8,156,767</u>

Fully depreciated assets consist of a reservoir and water lines constructed in 1930 with an original cost of \$797,673. Depreciation expense for the years ended June 30, 2021 and 2020 was \$295,115 and \$272,558, respectively.

Construction commitments

As of June 30, 2021, the District had no construction contract commitments.

B. Liabilities**1. Pension Plan Obligation**

Plan Description. The District is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or 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. District employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The District's contractually required contribution rates for the years ended June 30, 2021 and 2020, was 10.22% and 9.02%, respectively, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the District were \$74,177 and \$62,325 for the years ended June 30, 2021 and 2020, respectively.

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 \$352,340 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, 2021, the District's proportion was 0.00986% (measured as of June 30, 2020), which was an increase of 0.00003% from its proportion on June 30, 2020 (measured as of June 30, 2019).

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$123,895 and \$122,831, respectively. At June 30, 2021 and 2020, 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
June 30, 2021:		
Differences between expected and actual experience	\$ 44,494	\$ -
Changes of assumptions	26,221	-
Net difference between projected and actual earnings on pension plan investments	49,582	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,753	-
District contributions subsequent to the measurement date	74,177	-
Total	<u>\$ 198,227</u>	<u>\$ -</u>
June 30, 2020:		
Differences between expected and actual experience	\$ 45,965	\$ -
Changes of assumptions	43,753	-
Net difference between projected and actual earnings on pension plan investments	6,548	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,573	108
District contributions subsequent to the measurement date	62,325	-
Total	<u>\$ 164,164</u>	<u>\$ 108</u>

\$74,177 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 36,223
2023	46,324
2024	26,829
2025	14,674
2026	-
Thereafter	-
	<u>\$ 124,050</u>

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

Inflation	3.0 percent
Salary increases	3.5 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 actuary 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, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 714,859	\$ 352,340	\$ 51,061

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

2. Capital Lease

The District executed an agreement to lease office equipment in October 2019 for \$255 per month over five years. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The office equipment has an original cost of \$10,743 and a net book value of \$6,902 at June 30, 2021.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30	Principal
2022	\$ 3,312
2023	3,057
2024	2,293
Total minimum lease payments	8,662
Less: amount representing interest	1,760
Present value of minimum lease payments	<u>\$ 6,902</u>

3. Summary of Changes in Long-Term Liabilities

	June 30, 2020	Additions	Reductions	June 30, 2021	Current Portion
Capital lease payable	\$ 8,538	\$ -	\$ 1,636	\$ 6,902	\$ 2,274
Net pension liability (LGERS)	268,450	83,890	-	352,340	-
Accrued vacation	79,274	-	20,169	59,105	11,821
	<u>\$ 356,262</u>	<u>\$ 83,890</u>	<u>\$ 21,805</u>	<u>\$ 418,347</u>	<u>\$ 14,095</u>

1. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the district obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory

limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for worker's compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Management has determined that flood insurance coverage is not necessary given the nature of their property and remote likelihood of sustaining significant flood damage.

The District carries commercial coverage for employee health coverage and other risks of loss. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the District'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. The remaining employees that have access to funds are covered by an employee theft policy of \$10,000.

Note 3 – MSD Fees

The Metropolitan Sewerage District (MSD) contracts with the District to include sewer charges on billings to water customers; after these sewer charges are collected, they are remitted to MSD. These charges are not recorded as revenues or receivables by the District, but as a liability upon receipt until remitted to MSD. In connection with this activity, the District bills MSD for postage and processing costs, which are recorded as revenues of the District. During the years ended June 30, 2021 and 2020, such charges totaled \$43,383 and \$42,919, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

WOODFIN SANITARY WATER AND SEWER DISTRICT

SCHEDULE OF 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
District's proportionate share of the net pension liability (asset) (%)	0.00986%	0.00983%	0.01000%	0.00996%	0.00921%	0.00966%	0.90600%	0.09400%
District's proportion of the net pension pension (asset) (\$)	\$ 352,340	\$ 268,450	\$ 237,234	\$ 152,161	\$ 195,470	\$ 43,555	\$ (53,431)	\$ 113,306
District's covered payroll	690,961	706,902	705,226	622,441	605,547	576,053	532,187	544,620
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.99%	37.98%	33.64%	24.45%	32.28%	7.56%	(10.04%)	20.80%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

WOODFIN SANITARY WATER AND SEWER DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 74,177	\$ 62,325	\$ 55,280	\$ 53,315	\$ 45,626	\$ 40,935	\$ 37,940	\$ 37,046
Contribution in relation to the contractually required contribution	<u>74,177</u>	<u>62,325</u>	<u>55,280</u>	<u>53,315</u>	<u>45,626</u>	<u>40,935</u>	<u>37,940</u>	<u>37,046</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 725,806	\$ 690,961	\$ 706,902	\$ 705,226	\$ 622,441	\$ 605,547	\$ 576,053	\$ 532,187
Contributions as a percentage of covered payroll	10.22%	9.02%	7.82%	7.56%	7.33%	6.76%	6.59%	6.96%

SUPPLEMENTAL FINANCIAL DATA

WOODFIN SANITARY WATER AND SEWER DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

WATER DISTRICT

For the year ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
Operating Revenues:				
Charges for services, net	\$ 1,622,500	\$ 1,659,820	\$ 37,320	\$ 1,481,248
Other operating revenues	292,200	658,710	366,510	316,804
Total operating revenues	1,914,700	2,318,530	403,830	1,798,052
Nonoperating Revenues:				
Investment income (loss)	46,000	13,611	(32,389)	60,266
Total revenues	1,960,700	2,332,141	371,441	1,858,318
Expenditures:				
Raw water supply		294,990		290,761
Water purchases from City of Asheville		217,100		205,789
Water distribution		836,643		773,532
Administrative and general		490,751		464,906
Capital outlay		142,138		337,095
Debt service: (capital lease)				
Principal		1,636		1,528
Interest		1,166		1,529
Total expenditures	1,989,795	1,984,424	5,371	2,075,140
Other Financing Sources:				
Sale of capital asset	-	-	-	14,425
Fund balance appropriated	29,095	-	(29,095)	-
Total other financing sources	29,095	-	(29,095)	14,425
Revenues and other sources over (under) expenditures	\$ -	347,717	\$ 347,717	(202,397)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Reconciling Items:				
Capital outlay - items capitalized		142,138		337,095
Capital contributions		220,930		387,350
Depreciation		(295,115)		(272,558)
Capital lease principal payments		1,636		1,528
Current year contributions - pension plan		74,177		62,325
Pension expense		(123,895)		(122,831)
Change in accrued vacation		20,169		6,348
Total reconciling items		40,040		399,257
Change in net position		\$ 387,757		\$ 196,860