

**TOWN OF SNOW HILL
SNOW HILL, NORTH CAROLINA**

**FINANCIAL STATEMENTS
YEAR END JUNE 30, 2021**

Town of Snow Hill

Financial Statements

Snow Hill, North Carolina

For the Fiscal Year Ended June 30, 2021

Board of Commissioners

Dennis K. Liles, Mayor

Bobby Taylor, Pro-Tempore

Dianne Jones Andrews, Commissioner

Geraldine Shackleford, Commissioner

Lorraine Washington, Commissioner

Rosa Wilkes, Commissioner

Administrative Officers

Tod Whaley, Town Manager

Oma Lockamy, Deputy Finance Officer

Gordon Hobbs, Chief of Police

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June 30, 2021**

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Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

Independent Auditor's Report

To the Honorable Mayor
and Members of the Town Council
Snow Hill, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General 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 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 financial statement presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the individual fund financial statements, budgetary

schedule, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2021, on our consideration of the Town of Snow Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Snow Hill's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

November 4, 2021

Management's Discussion and Analysis

As management of the Town of Snow Hill, we offer readers of the Town of Snow Hill's financial statements this narrative overview and analysis of the financial activities of the Town of Snow Hill 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 Town's financial statements, which follow this narrative.

Financial Highlights

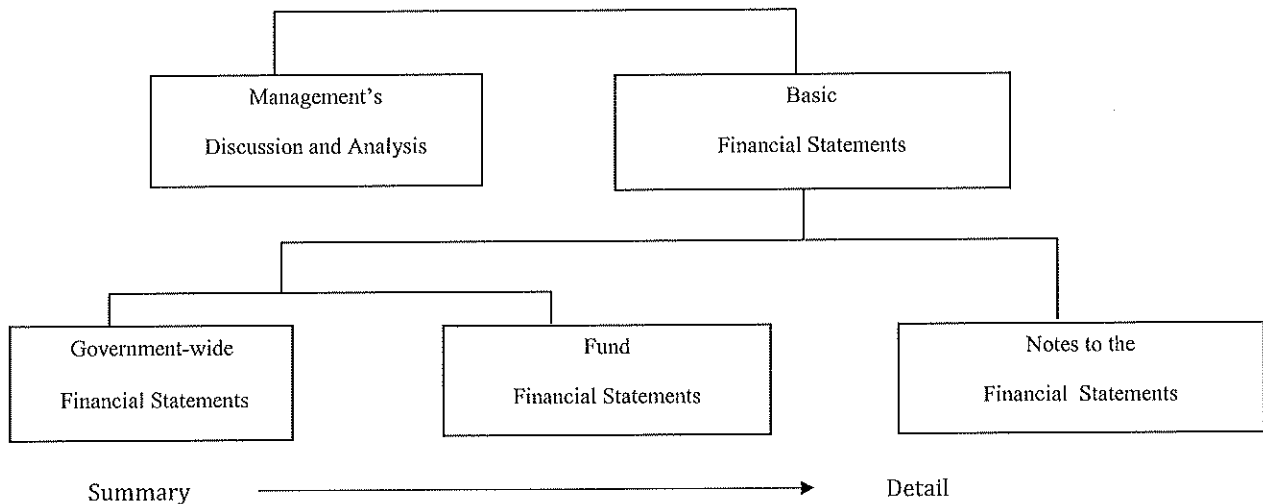
- The assets and deferred outflows of resources of the Town of Snow Hill exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,894,176 (net position).
- The government's total net position increased by \$146,851, due entirely to increase in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Snow Hill's governmental fund reported an ending fund balance of \$1,517,141 with a net increase of \$241,464 in fund balance. Approximately, 16% of this total amount, or \$236,624, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,280,517 or 99% of total general fund expenditures for the fiscal year.
- The Town of Snow Hill's total debt decreased by \$123,789 during the current fiscal year due to regularly scheduled principal payments.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of Snow Hill.

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

Fund Financial Statements

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

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

The Town of Snow Hill adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Fund - Town of Snow Hill has one kind of proprietary fund. Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Snow Hill uses an enterprise fund to account for its water and sewer fund activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 8 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Snow Hill's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found after the Notes to the Financial Statements.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

Town of Snow Hill's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,611,782	\$ 1,368,221	\$ 1,261,544	\$ 1,101,308	\$ 2,873,326	\$ 2,469,529
Capital assets	1,498,059	1,559,402	5,749,192	5,685,803	7,247,251	7,245,205
Deferred outflows of resources	169,280	99,660	101,891	70,017	271,171	169,677
Total assets and deferred outflows of resources	3,279,121	3,027,283	7,112,627	6,857,128	10,391,748	9,884,411
Long-term liabilities outstanding	306,035	184,759	976,697	622,482	1,282,732	807,241
Other liabilities	78,485	105,139	134,963	222,800	213,448	327,939
Deferred inflows of resources	1,392	1,906	-	-	1,392	1,906
Total liabilities and deferred inflows of resources	385,912	291,804	1,111,660	845,282	1,497,572	1,137,086
Net position:						
Net investment in capital assets	1,498,059	1,559,402	4,875,664	5,041,906	6,373,723	6,601,308
Restricted	206,576	191,477	-	-	206,576	191,477
Unrestricted	1,188,574	984,600	1,125,303	969,940	2,313,877	1,954,540
Total net position	\$ 2,893,209	\$ 2,735,479	\$ 6,000,967	\$ 6,011,846	\$ 8,894,176	\$ 8,747,325

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Snow Hill exceeded liabilities and deferred inflows by \$8,894,176 as of June 30, 2021. The Town's net position increase by \$146,851 for the fiscal year ended June 30, 2021. However, the Town's largest portion, \$6,373,723 (72%), reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town of Snow Hill uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Snow Hill's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Snow Hill's net position of \$206,576 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,313,877 is unrestricted.

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

- Slight increase in tax revenues.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.94%.

Town of Snow Hill's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for services	\$ 273,031	\$ 358,453	\$ 1,133,411	\$ 1,220,909	\$ 1,406,442	\$ 1,579,362
Operating grants and contributions	43,918	46,525	-	-	43,918	46,525
Capital grants and contributions	-	-	91,918	293,883	91,918	293,883
General revenues:						
Property taxes	409,359	398,635	-	-	409,359	398,635
Other taxes	451,146	437,597	-	-	451,146	437,597
Grants and contributions not restricted to specific programs	404,790	-	-	-	404,790	-
Other	150,143	19,615	168	4,515	150,311	24,130
Total revenues	1,732,387	1,260,825	1,225,497	1,519,307	2,957,884	2,780,132
Expenses:						
General government	376,192	253,081	-	-	376,192	253,081
Public safety	435,406	538,830	-	-	435,406	538,830
Transportation	188,654	192,328	-	-	188,654	192,328
Environmental protections	141,977	146,995	-	-	141,977	146,995
Community Development	144,859	178,892	-	-	144,859	178,892
Miscellaneous	287,569	-	-	-	287,569	-
Water and sewer	-	-	1,236,376	1,428,409	1,236,376	1,428,409
Total expenses	1,574,657	1,310,126	1,236,376	1,428,409	2,811,033	2,738,535
Increase (decrease) in net position before transfers	157,730	(49,301)	(10,879)	90,898	146,851	41,597
Increase (decrease) in net position	157,730	(49,301)	(10,879)	90,898	146,851	41,597
Net position-beginning	2,735,479	2,784,780	6,011,846	5,920,948	8,747,325	8,778,060
Net position-ending	\$ 2,893,209	\$ 2,735,479	\$ 6,000,967	\$ 6,011,846	\$ 8,894,176	\$ 8,819,657

Governmental-type activities: Governmental activities increase the Town's net position by \$157,730. Key element of this increase are as follows:

- Increase in revenues.

Business-type activities: Business-type activities decreased the Town's net position by \$10,879. Key elements of this decrease are as follows:

- Decrease in revenues.

Financial Analysis of the Town's Funds

As noted earlier, the Town of Snow Hill uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the chief operating fund of the Town of Snow Hill. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,280,517 while total fund balance reached \$1,517,141. The Town currently has an available fund balance of 99% of general fund expenditures, while total fund balance represents 117% of the same amount.

At June 30, 2021, the governmental funds of the Town of Snow Hill reported a combined fund balance of \$1,517,141, with a net increase in fund balance of \$241,464.

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

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,125,303. The total decrease in net position was \$10,879. The change in net position in the Water and Sewer Fund is a result of decreased water revenues.

Capital Asset and Debt Administration

Capital assets. The Town of Snow Hill's net investment in capital assets for its governmental and business type activities as of June 30, 2021, totals \$7,247,251 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following addition:

- Construction in Progress
- Vehicles

**Town of Snow Hill's Capital Assets
(net of depreciation)**
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 287,044	\$ 287,044	\$ 31,794	\$ 31,794	\$ 318,838	\$ 318,838
Construction in progress	-	-	905,940	523,349	905,940	523,349
Buildings and other systems	541,481	567,333	105,568	113,293	647,049	680,626
Equipment	15,530	22,916	37,040	50,304	52,570	73,220
Infrastructure	605,123	633,186	16,365	17,811	621,488	650,997
Vehicles	48,881	48,923	34,136	53,893	83,017	102,816
Furnitures	-	-	-	-	-	-
Water/Sewer system	-	-	4,618,349	4,895,359	4,618,349	4,895,359
Total	\$ 1,498,059	\$ 1,559,402	\$ 5,749,192	\$ 5,685,803	\$ 7,247,251	\$ 7,245,205

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

Long-term Debt. As of June 30, 2021 the Town of Snow Hill had total debt outstanding of \$873,528. The legal debt margin of the Town is \$9,184,753.

Additional information regarding the Town of Snow Hill's long-term debt can be found in the notes to the financial statements.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Question concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Snow Hill, P.O. Box 247, Snow Hill, North Carolina 28580. You can call (252) 747-3414 extension 206, or visit our website at <http://snowhill.com>.

Town of Snow Hill, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,503,830	\$ 670,297	\$ 2,174,127
Taxes receivable (net)	36,328	-	36,328
Accounts receivable (net)	40,110	275,380	315,490
Internal balances	(165,000)	165,000	-
Due from other governments	79,692	-	79,692
Inventories	-	32,046	32,046
Restricted cash and cash equivalents	116,822	118,821	235,643
Total current assets	<u>1,611,782</u>	<u>1,261,544</u>	<u>2,873,326</u>
Non-Current Assets:			
Capital assets:			
Land, improvements, and construction in progress	287,044	937,734	1,224,778
Other capital assets, net of depreciation	1,211,015	4,811,458	6,022,473
Total capital assets	<u>1,498,059</u>	<u>5,749,192</u>	<u>7,247,251</u>
Total assets	<u>3,109,841</u>	<u>7,010,736</u>	<u>10,120,577</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	124,533	101,891	226,424
Pension deferrals - LEO	44,747	-	44,747
Total deferred outflows of resources	<u>169,280</u>	<u>101,891</u>	<u>271,171</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	28,265	7,071	35,336
Customer deposits	30,048	56,074	86,122
Compensated absences	20,172	9,198	29,370
Current portion of long-term liabilities	-	62,620	62,620
Long-term liabilities:			
Net pension liability	202,631	165,789	368,420
Total pension liability	103,404	-	103,404
Due in more than one year	-	810,908	810,908
Total liabilities	<u>384,520</u>	<u>1,111,660</u>	<u>1,496,180</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals - LEO	1,392	-	1,392
Total deferred inflows of resources	<u>1,392</u>	<u>-</u>	<u>1,392</u>
NET POSITION			
Net investment in capital assets	1,498,059	4,875,664	6,373,723
Restricted for:			
Transportation-Powell Bill	86,774	-	86,774
Stabilization by State statute	119,802	-	119,802
Unrestricted (deficit)	1,188,574	1,125,303	2,313,877
Total net position	<u>\$ 2,893,209</u>	<u>\$ 6,000,967</u>	<u>\$ 8,894,176</u>

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

Town of Snow Hill, North Carolina
Statement of Activities
June 30, 2021

Program Revenues				Net (Expense) Revenue and Changes in Net Position			
				Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 376,192	\$ 3,300	\$ -	\$ -	\$ (372,892)	\$ -	\$ (372,892)
Public safety	435,406	-	-	-	(435,406)	-	(435,406)
Transportation	188,654	-	43,918	-	(144,736)	-	(144,736)
Environmental protection	141,977	151,313	-	-	9,336	-	9,336
Community development	144,859	118,418	-	-	(26,441)	-	(26,441)
Miscellaneous	287,569	-	-	-	(287,569)	-	-
Total governmental activities	1,574,657	273,031	43,918	-	(1,257,708)	-	(1,257,708)
Business-type activities:							
Water and sewer	1,236,376	1,133,411	-	91,918	-	(11,047)	(11,047)
Total business-type activities	1,236,376	1,133,411	-	91,918	-	(11,047)	(11,047)
Total Government	\$ 2,811,033	\$ 1,406,442	\$ 43,918	\$ 91,918	(1,257,708)	(11,047)	(1,268,755)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					409,359		409,359
Local Option Sales tax					263,646	-	263,646
Other taxes and licenses					187,500	-	187,500
Grants and contributions not restricted to specific programs					404,790	-	404,790
Investment earnings, unrestricted					383	168	551
Other					149,760	-	149,760
Total general revenues and transfers					1,415,438	168	1,415,606
Change in net position					157,730	(10,879)	146,851
Net position-beginning					2,735,479	6,011,846	8,747,325
Net position-ending					\$ 2,893,209	\$ 6,000,967	\$ 8,894,176

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

Town of Snow Hill, North Carolina
Balance Sheet
Governmental Fund
June 30, 2021

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,368,280	\$ 135,550	\$ 1,503,830
Restricted cash	116,822	-	116,822
Receivables, net:			
Taxes	36,328	-	36,328
Accounts	40,110	-	40,110
Due from other governments	79,692	-	79,692
Total assets	<u>1,641,232</u>	<u>135,550</u>	<u>1,776,782</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	28,265	-	28,265
Customer deposits	30,048	-	30,048
Due to other funds	29,450	135,550	165,000
Total liabilities	<u>87,763</u>	<u>135,550</u>	<u>223,313</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	36,328	-	36,328
Total deferred inflows of resources	<u>36,328</u>	<u>-</u>	<u>36,328</u>
FUND BALANCES			
Restricted			
Stabilization by state statute	119,802	-	119,802
Streets - Powell Bill	86,774	-	86,774
Customer deposits	30,048	-	30,048
Unassigned	1,280,517	-	1,280,517
Total fund balances	<u>1,517,141</u>	<u>-</u>	<u>1,517,141</u>
Total liabilities, deferred inflows of resources and fund balance:	<u>\$ 1,641,232</u>	<u>\$ 135,550</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			1,498,059
Liabilities for earned revenues considered deferred inflows of resources in fund statements			36,328
Contributions to the pension plan in the current fiscal year are deferred outflows of resources in the Statement of Net Position			
Pension deferrals - LGERS			124,533
Pension deferrals - LEO			44,747
Deferred inflows of resources related to pensions are not reported in the funds			
Pension deferrals - LEO			(1,392)
Net pension liability.			(202,631)
Total pension liability.			(103,404)
Compensated absences			(20,172)
Net position of governmental activities:			<u>\$ 2,893,209</u>

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

Town of Snow Hill, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non- Major Funds</u>	<u>Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 397,608	\$ -	\$ 397,608
Other taxes and licenses	8,845	-	8,845
Unrestricted intergovernmental	454,042	-	454,042
Restricted intergovernmental	269,331	179,377	448,708
Sales and services	273,031	-	273,031
Investment earnings	383	-	383
Other	138,019	-	138,019
Total revenues	<u>1,541,259</u>	<u>179,377</u>	<u>1,720,636</u>
EXPENDITURES			
Current:			
General government	350,160	-	350,160
Public safety	407,556	-	407,556
Transportation	165,049	-	165,049
Environmental protection	123,979	-	123,979
Community development	144,859	-	144,859
Miscellaneous	108,192	179,377	287,569
Total expenditures	<u>1,299,795</u>	<u>179,377</u>	<u>1,479,172</u>
Excess (deficiency) of revenues over expenditures	<u>241,464</u>	<u>-</u>	<u>241,464</u>
OTHER FINANCING SOURCES (USES)			
Insurance recovery	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	241,464	-	241,464
Fund balances-beginning	1,275,677	-	1,275,677
Fund balances-ending	<u>\$ 1,517,141</u>	<u>\$ -</u>	<u>\$ 1,517,141</u>

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

Town of Snow Hill, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Net changes in fund balances - total governmental funds	\$ 241,464
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	19,500
Depreciation expense for governmental assets	<u>(80,843)</u>
	(61,343)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	38,343
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	4,684
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	11,751
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	17,000
Pension expense - LGERS	(76,900)
Pension expense - LEO	<u>(17,269)</u>
Total changes in net position of governmental activities	<u>\$ 157,730</u>

Town of Snow Hill, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2021

	General Fund			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 368,200	\$ 368,200	\$ 397,608	\$ 29,408
Other taxes and licenses	5,500	5,500	8,845	3,345
Unrestricted intergovernmental	422,092	422,092	454,042	31,950
Restricted intergovernmental	575,830	575,830	269,331	(306,499)
Sales and services	224,505	224,505	273,031	48,526
Investment earnings	1,800	1,800	383	(1,417)
Miscellaneous	28,300	28,300	138,019	109,719
Total revenues	<u>1,626,227</u>	<u>1,626,227</u>	<u>1,541,259</u>	<u>(84,968)</u>
Expenditures				
Current:				
General government	280,330	370,610	350,160	20,450
Public safety	493,610	410,285	407,556	2,729
Transportation	169,165	201,459	165,049	36,410
Environmental protection	150,725	150,725	123,979	26,746
Community development	109,200	161,452	144,859	16,593
Miscellaneous	110,000	110,000	108,192	1,808
Total expenditures	<u>1,313,030</u>	<u>1,404,531</u>	<u>1,299,795</u>	<u>104,736</u>
Revenues over (under) expenditures	313,197	221,696	241,464	19,768
Other financing sources (uses):				
Fund balance appropriated	<u>(313,197)</u>	<u>(221,696)</u>	-	221,696
Total other financing sources (uses)	<u>(313,197)</u>	<u>(221,696)</u>	-	221,696
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	241,464	<u>\$ 241,464</u>
Fund balances:				
Beginning of year, July 1			1,275,677	
End of year, June 30			<u>\$ 1,517,141</u>	

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

Town of Snow Hill, North Carolina
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Major Enterprise Fund Water & Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 670,297
Accounts receivable (net)	275,380
Inventory	32,046
Due from other funds	165,000
Restricted cash and cash equivalents	118,821
Total current assets	<u>1,261,544</u>
Non-current Assets	
Capital Assets:	
Land and other nondepreciable assets	937,734
Other capital assets, net of depreciation	4,811,458
Capital assets	<u>5,749,192</u>
Total noncurrent assets	<u>5,749,192</u>
Total assets	<u>7,010,736</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>101,891</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	7,071
Customer deposits	56,074
Current portion of compensated absences	9,198
Long-term debt, current portion	62,620
Total current liabilities	<u>134,963</u>
Noncurrent liabilities:	
Net pension liability	165,789
Long-term debt, noncurrent portion	810,908
Total noncurrent liabilities	<u>976,697</u>
Total liabilities	<u>1,111,660</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	-
Total deferred inflows of resources	<u>-</u>
NET POSITION	
Net investment in capital assets, net of related debt	4,875,664
Unrestricted	1,125,303
Total net position	<u>\$ 6,000,967</u>

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

Town of Snow Hill, North Carolina
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2021

	Major Enterprise Fund
	Water & Sewer Fund
OPERATING REVENUES:	
Charges for services	\$ 1,031,309
Other operating revenues	91,902
Total operating revenues	<u>1,123,211</u>
OPERATING EXPENSES:	
Water	449,718
Sewer	465,093
Depreciation	319,202
Total operating expenses	<u>1,234,013</u>
Operating income (loss)	<u>(110,802)</u>
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	168
Miscellaneous revenue	10,200
Interest and other charges	(2,363)
Total nonoperating revenues (expenses)	<u>8,005</u>
Income before contributions and transfers	(102,797)
Capital contributions	91,918
Change in net position	(10,879)
Net position, beginning	<u>6,011,846</u>
Net position, ending	<u><u>\$ 6,000,967</u></u>

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

Town of Snow Hill, North Carolina
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2021

	Major Enterprise Fund Water & Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,029,764
Cash paid for goods and services	(568,323)
Cash paid to employees for services	(345,175)
Customer deposits	3,565
Net cash provided by operating activities	<u>119,831</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
(Increase) Decrease in due from other funds	(11,747)
Miscellaneous revenues	10,200
Net cash provided (used) by noncapital financing activities	<u>(1,547)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(382,591)
Grant proceeds	91,918
Principal paid on bond maturities and revolving loan	(123,789)
Debt proceeds	353,420
Interest paid on bond maturities and revolving loan	(2,363)
Net cash provided (used) by capital and related financing activities	<u>(63,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	<u>168</u>
Net Increase (Decrease) in Cash and Cash Equivalents	55,047
Cash and cash equivalents:	
Beginning of year, July 1	734,071
End of year, June 30	<u>\$ 789,118</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (110,802)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	319,202
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(87,038)
(Increase) decrease in inventory	(6,409)
(Increase) decrease in deferred outflows of resources - pensions	(31,874)
(Decrease) increase in net pension liability	63,420
(Decrease) increase in deferred inflows of resources - pensions	-
Increase (decrease) in accounts payable and accrued liabilities	(11,903)
Increase (decrease) in customer deposits	3,565
Increase (decrease) in compensated absences	(18,335)
Total adjustments	<u>230,628</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 119,826</u>

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

Town of Snow Hill, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Snow Hill 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 Town of Snow Hill (the "Town") is a municipal corporation that is governed by an elected mayor and a five-member board. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental and 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, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

The Town reports the following major enterprise fund:

Water & Sewer Fund. This fund is used to account for the Town's water and sewer operations. A Water and Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary fund distinguishes 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 Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the 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.

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

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Enterprise Capital Projects Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Any revisions that alter expenditures of any fund must be approved by the governing board. During the year several amendments to the original budget were necessary.

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 Town 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 Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town 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 Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Cash held in the Capital Projects Funds are classified as restricted assets for the enterprise fund because their use is restricted to the purpose for which the revenues were received and for customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Snow Hill Restricted CashGovernmental Activities
General Fund

Streets	\$	86,774
Customer deposits		30,048
		<u>116,822</u>

Total Governmental Activities

Business-type Activities
Water and Sewer Fund

Customer deposits		56,074
Water projects		62,747
		<u>118,821</u>

Total Business-type Activities

Total Restricted Cash

	\$	<u>235,643</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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 that were written off in prior years.

6. Inventory

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. 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. Capitalization cost for the Town's assets is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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 contracted capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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 depreciable using the straight-line method at the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40
Buildings	39
Improvements	15-20
Vehicles	5-7
Furniture and Equipment	7-20
Computer Equipment	3-5

8. 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 Town has one item that meets this criterion, pension deferral plan in the 2021 fiscal year. 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 Town has two items that meet the criterion for this category - property taxes receivable and pension deferrals for the 2021 fiscal year.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town'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 Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of total unexpended Powell Bill funds.

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

Assigned Fund Balance - portion of fund balance that the Town of Snow Hill intends to use for specific purposes.

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

12. Defined Benefit Cost-Sharing Plans

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 Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None reported.

2. Contractual Violations

None reported.

B. Deficit in Fund Balance or Net Position of Individual Funds

None reported.

C. Excess of Expenditures over Appropriations

None reported.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town 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 Town's agents in these units' names. 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 Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town 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 Town 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 Town 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 Town's deposits had a carrying amount of \$965,791 and a bank balance of \$1,081,743. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$930.

2. Investments

At June 30, 2021, the Town of Snow Hill had \$1,443,049 invested with the North Carolina Capital Management Trust's Government Portfolio which earned a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

General Fund:	
Solid Waste	\$ 1,027
Water and Sewer Fund:	
Accounts Receivable	20,367
Total	<u>\$ 21,394</u>

3. Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 287,044	\$ -	\$ -	\$ 287,044
Total capital assets not being depreciated	287,044	-	-	287,044
Capital assets being depreciated:				
Buildings	864,339	-	-	864,339
Equipment	313,161	-	-	313,161
Vehicles and motorized equipment	212,019	19,500	10,181	221,338
Infrastructure	1,011,288	-	-	1,011,288
Furniture	1,762	-	-	1,762
Total capital assets being depreciated	2,402,569	19,500	10,181	2,411,888
Less accumulated depreciation for:				
Buildings	297,006	25,852	-	322,858
Equipment	290,245	7,386	-	297,631
Vehicles and motorized equipment	163,096	19,542	10,181	172,457
Infrastructure	378,102	28,063	-	406,165
Furniture	1,762	-	-	1,762
Total accumulated depreciation	1,130,211	\$ 80,843	\$ 10,181	1,200,873
Total capital assets being depreciated, net	1,272,358			1,211,015
Governmental activity capital assets, net	<u>\$ 1,559,402</u>			<u>\$ 1,498,059</u>

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

General Government	\$ 8,890
Public Safety	17,850
Transportation	36,105
Environmental protection	17,998
Total Depreciation Expense	<u>\$ 80,843</u>

Business-Type activities:**Water and Sewer Fund:****Capital assets not being depreciated:**

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 31,794	\$ -	\$ -	\$ 31,794
Construction in progress	523,349	382,591	-	905,940
Total capital assets not being depreciated	555,143	382,591	-	937,734

Capital assets being depreciated:

Buildings	250,062	-	-	250,062
Equipment	292,304	-	-	292,304
Vehicles and motorized equipment	242,141	-	-	242,141
Water & sewer system	11,397,760	-	-	11,397,760
Infrastructure	26,691	-	-	26,691
Total capital assets being depreciated	12,208,958	-	-	12,208,958

Less accumulated depreciation for:

Buildings	136,769	7,725	-	144,494
Equipment	242,000	13,264	-	255,264
Vehicles and motorized equipment	188,248	19,757	-	208,005
Water & sewer system	6,502,401	277,010	-	6,779,411
Infrastructure	8,880	1,446	-	10,326
Total accumulated depreciation	7,078,298	\$ 319,202	\$ -	7,397,500
Total capital assets being depreciated, net	5,130,660			4,811,458
Water Fund capital assets, net	\$ 5,685,803			\$ 5,749,192

B. Liabilities**1. Pension Plan and Postemployment Obligations****a. Local Governmental Employees' Retirement System**

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

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.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Snow Hill's contractually required contribution rate for the year ended June 30, 2021, was 8.95% for general employees and 9.70% for law enforcement employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$62,978 for the year ended June 30, 2021.

Refunds of Contributions – Town 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 Town reported an liability of \$368,420 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, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.01031%, which was an increase of 0.00198% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$139,819. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,525	\$ -
Change of assumptions	27,418	-
Net difference between projected and actual earnings on pension plan investments	51,845	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	30,922	-
Town's contributions subsequent to the measurement date	69,714	-
Total	<u>\$ 226,424</u>	<u>\$ -</u>

\$69,714 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ 47,732
2023	56,618
2024	37,017
2025	15,344
Thereafter	-
	<u>\$ 156,711</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	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
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 3.0%. 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 Town's proportionate share of the net pension liability to changes in the discount rate . The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town'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%)
Town's proportionate share of the net pension liability (asset)	\$747,484	\$368,420	\$53,391

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.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Snow Hill administers a public employee retirement system (*the Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019 the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	7
Total	<u>8</u>

2. Summary of Significant Accounting Policies

Basis of Accounting – The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. 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	2.5 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$4,684 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a total pension liability of \$103,404. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$17,268.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,000	\$ -
Changes of assumptions and other inputs	34,747	1,392
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 44,747	\$ 1,392

\$0.00 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ 8,775
2023	8,775
2024	8,413
2025	8,029
2026	6,118
Thereafter	3,245
	<u>\$ 43,355</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1 % Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Town's proportionate share of the net pension liability (asset)	\$ 114,753	\$ 103,404	\$ 93,010

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2021</u>
Beginning balance	\$ 59,642
Service Cost	6,625
Interest on the total pension liability	1,868
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	2,628
Changes of assumptions or other inputs	37,325
Benefit payments	(4,684)
Other changes	-
Ending balance of the total pension liability	<u>\$ 103,404</u>

The plan currently uses mortality tables that vary by age, 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 139,819	\$ 17,268	\$ 157,087
Pension Liability	368,420	103,404	471,824
Proportionate share of the net pension liability	0.01031%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	46,525	10,000	56,525
Changes of assumptions	27,418	34,747	62,165
Net difference between projected and actual earning on plan investments	51,845	-	51,845
Changes in proportion and differences between contributions and proportionate share of contributions	30,922	-	30,922
Benefit payments and administrative costs paid subsequent to the measurement date	69,714	-	69,714
Deferred of Inflows of Resources	LGERS	LEOSSA	Total
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	1,392	1,392
Net differences between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributed to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers and other employees employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. 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.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers and other employees may also make voluntary contributions to the plan.

The Town made contributions of \$23,295 for the reporting year. No amounts were forfeited.

1. Other Employment Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefits may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and their benefit amount. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

The Town has one deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 69,714
Differences between expected and actual experience	56,525
Changes of assumptions	62,165
Net difference between projected and actual earnings on pension plan investments	51,845
Changes in proportion and differences between Town's contributions and proportionate share of contributions	30,922
Total	<u>\$ 271,171</u>

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

	Statement of Net Position	General Fund Balance Sheet
Pension deferrals	\$ 1,392	\$ -
Taxes Receivable, less penalties (General Fund)	-	36,368
	<u>\$ 1,392</u>	<u>\$ 36,368</u>

3. Risk Management

The Town 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 Town maintains commercial insurance with two private sector insurance agencies. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, worker's compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit.

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

The Town does not carry any flood insurance. The Town is not located in a flood plain.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2021, there were no lawsuits against the Town that materially impact its financial statements.

5. Long Term Obligations

a. Construction Notes

The Town has signed a fifteen year note with the Drinking Water Management Trust Fund for \$144,638 to finance the purchase and installation of automatic meter readers. The note was executed November 2013 with payments beginning May 2015. Through June 30, 2021, \$144,638 of the available loan has been received and used by the Town for the purchase and installation of automatic meter readers.

Annual debt service requirements to maturity for the full amount of the note of \$77,134, including no interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 9,643	\$ -	\$ 9,643
2023	9,643	-	9,643
2024	9,643	-	9,643
2025	9,643	-	9,643
2026	9,643	-	9,643
2027-2030	28,919	-	28,919
	<u>\$ 77,134</u>	<u>\$ -</u>	<u>\$ 77,134</u>

The Town has signed a fifteen year note with the Drinking Water Management Trust Fund for \$632,825 to finance the replacement of water lines. The note was executed November 2013 with payments beginning May 2015. Through June 30, 2021, \$632,825 of the available loan has been received and used by the Town for replacement of water lines.

Annual debt service requirements to maturity for the full amount of the note of \$442,974, including no interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 31,641	\$ -	\$ 31,641
2023	31,641	-	31,641
2024	31,641	-	31,641
2025	31,641	-	31,641
2026	31,641	-	31,641
2027-2031	158,205	-	158,205
2032-2035	126,564	-	126,564
	<u>\$ 442,974</u>	<u>\$ -</u>	<u>\$ 442,974</u>

The Town has signed a twenty year note with the Department of Environmental Quality for \$752,426 to finance the replacement of water lines. The note was executed June 2021 with payments beginning May 2022. The principal forgiveness of \$325,710 has been applied immediately. Through June 30, 2021, \$353,420 of the available loan has been received and used by the Town for replacement of water lines.

Annual debt service requirements to maturity for the full amount of the note of \$353,420, including no interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 21,336	\$ -	\$ 21,336
2023	21,336	-	21,336
2024	21,336	-	21,336
2025	21,336	-	21,336
2026	21,336	-	21,336
2027-2031	106,680	-	106,680
2032-2036	106,680	-	106,680
2037-2041	33,380	-	33,380
	<u>\$ 353,420</u>	<u>\$ -</u>	<u>\$ 353,420</u>

b. Changes in General Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	Balance 07/01/20	Increases	Decreases	Balance 06/30/21	Current Portion
Governmental activities:					
Net pension liability (LGRS)	\$ 125,117	\$ 77,514	\$ -	\$ 202,631	\$ -
Total pension liability (LEOSSA)	59,642	43,762	-	103,404	-
Compensated absences	37,172	37,473	(54,473)	20,172	20,172
Governmental activity long-term liabilities	<u>\$ 221,931</u>	<u>\$ 158,749</u>	<u>\$ (54,473)</u>	<u>\$ 326,207</u>	<u>\$ 20,172</u>
Business-type activities:					
Direct placement installment Revolving loan	\$ 643,897	\$ 353,420	\$ (123,789)	\$ 873,528	\$ 62,620
Net pension liability (LGRS)	102,369	63,420	-	165,789	-
Compensated absences	27,533	11,480	(29,815)	9,198	9,198
Business-type activity long-term liabilities	<u>\$ 773,799</u>	<u>\$ 428,320</u>	<u>\$ (153,604)</u>	<u>\$ 1,048,515</u>	<u>\$ 71,818</u>

At June 30, 2021, the Town of Snow Hill had a legal debt margin of \$9,184,753.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water/Sewer Fund	\$ 165,000

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 1,498,059	5,749,192
Less: long term debt	-	(873,528)
Net investment in capital asset	<u>\$ 1,498,059</u>	<u>\$ 4,875,664</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 1,517,141
Less:	
Stabilization by State Statute	119,802
Streets - Powell Bill	86,774
Customer Deposits	30,048
Remaining Fund Balance	1,280,517

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Significant Effects of Subsequent Events

There are no subsequent events that would have a material affect on the financial statements. Subsequent events have been analyzed through November 4, 2021 the date that the financial statements were available to be issued.

Town of Snow Hill, North Carolina
Town of Snow Hill'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	
Town's proportion of the net pension liability (asset) (%)	0.01031%	0.00833%	0.00888%	0.00934%	0.00817%	0.00769%	0.00681%	0.00670%	
Town's proportion of the net pension liability (asset) (\$)	\$ 368,420	\$ 227,486	\$ 210,664	\$ 142,689	\$ 173,393	\$ 34,512	43,641	79,555	
Town's covered-employee payroll	\$ 681,012	\$ 692,138	\$ 625,552	\$ 637,098	\$ 516,215	\$ 499,739	466,306	466,306	
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.10%	32.87%	33.68%	22.40%	33.59%	6.91%	9.36%	17.06%	
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.

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

Town of Snow Hill, North Carolina
Town of Snow Hill's Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 69,714	\$ 62,978	\$ 55,504	\$ 48,424	\$ 47,690	\$ 35,153	\$ 35,813	\$ 36,203
Contributions in relation to the contractually required contribution	69,714	62,978	55,504	48,424	47,690	35,153	35,813	36,203
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 662,053	\$ 681,012	\$ 692,138	\$ 625,552	\$ 637,098	\$ 516,215	\$ 499,739	\$ 466,306
Contributions as a percentage of covered-employee payroll	10.53%	9.25%	8.02%	7.74%	7.49%	6.81%	7.17%	7.76%

Town of Snow Hill, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 59,642	\$ 43,252	\$ 40,443	\$ 30,578	\$ 27,652
Service Cost	6,625	5,461	4,761	4,131	2,879
Interest on the total pension liability	1,868	1,535	1,244	1,139	987
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	2,628	9,347	1,216	2,462	-
Changes of assumptions or other inputs	37,325	2,209	(2,250)	4,295	(940)
Benefit payments	(4,684)	(2,162)	(2,162)	(2,162)	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	\$ 103,404	\$ 59,642	\$ 43,252	\$ 40,443	\$ 30,578

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Town of Snow Hill, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 103,404	\$ 59,642	\$ 43,252	\$ 40,443	\$ 30,578
Covered payroll	287,002	239,971	189,915	242,545	161,977
Total pension liability as a percentage of covered payroll	36.03%	24.85%	22.77%	16.67%	18.88%

Notes to the schedules:

The Town of Snow Hill has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Town of Snow Hill, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current year		\$ 397,608	
Total	\$ 368,200	397,608	\$ 29,408
Other taxes and licenses:			
Automobile licenses tags		8,845	
Total	5,500	8,845	3,345
Unrestricted intergovernmental:			
Local option sales taxes		263,646	
Utility franchise tax		71,656	
Piped natural gas sales tax		5,381	
Telecommunication sales tax		14,813	
Supplement PEG channel support		80,152	
Beer and wine tax		6,653	
ABC Revenue		8,326	
Video franchise fee		3,415	
Total	422,092	454,042	31,950
Restricted intergovernmental:			
Powell Bill allocation		43,918	
Grants		225,413	
Total	575,830	269,331	(306,499)
Sales and services:			
Waste collection fees		151,313	
Cemetery lot sales and dept fees		118,418	
Zoning		3,300	
Total	224,505	273,031	48,526
Investment earnings	1,800	383	(1,417)
Miscellaneous:			
Other revenues		113,346	
Rent		22,711	
Gasoline tax refund		1,962	
Total	28,300	138,019	109,719
Total Revenues	1,626,227	1,541,259	(84,968)

Town of Snow Hill, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
General government:			
Governing body:			
Salaries & benefits		37,194	
Operating expense		8,567	
Total	46,040	45,761	279
Administration:			
Salaries & benefits		113,922	
Operating expense		116,964	
Total	250,790	230,886	19,904
Cemetery Department:			
Salaries & benefits		62,068	
Operating expense		11,445	
Total	73,780	73,513	267
Total general government	370,610	350,160	20,450
Public safety:			
Police Department:			
Salaries & benefits		305,299	
Operating expense		51,257	
Capital Outlay		7,000	
Total	366,285	363,556	2,729
Fire Department:			
Contributions		44,000	
Total	44,000	44,000	-
Total public safety	410,285	407,556	2,729
Transportation:			
Streets:			
Salaries & benefits		39,750	
Operating expense		55,097	
Capital Outlay		12,500	
Total	123,965	107,347	16,618

Town of Snow Hill, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Powell Bill:			
Salaries & benefits		18,208	
Operating expense		39,494	
Total	<u>77,494</u>	<u>57,702</u>	<u>19,792</u>
Total transportation	<u>201,459</u>	<u>165,049</u>	<u>36,410</u>
Environmental protection:			
Salaries & benefits		18,370	
Operating expense		105,609	
Total	<u>150,725</u>	<u>123,979</u>	<u>26,746</u>
Community Development			
Operating expense		144,859	
Total	<u>161,452</u>	<u>144,859</u>	<u>16,593</u>
Miscellaneous:			
Operating		108,192	
Total	<u>110,000</u>	<u>108,192</u>	<u>1,808</u>
Total Expenditures	<u>1,404,531</u>	<u>1,299,795</u>	<u>104,736</u>
Revenues over (under) expenditures	221,696	241,464	19,768
Other financing sources (uses):			
Fund Balance Appropriated	<u>(221,696)</u>	-	<u>221,696</u>
Total	<u>(221,696)</u>	-	<u>221,696</u>
Net change in fund balance	<u>\$ -</u>	241,464	<u>\$ 241,464</u>
Fund balances:			
Beginning of year, July 1		1,275,677	
End of year, June 30		<u>\$ 1,517,141</u>	

Town of Snow Hill, North Carolina
Special Revenue Fund - ARP Grants
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Recovery relief funds		\$ 179,377	
Total Revenues	\$ 179,379	179,377	\$ (2)
Expenditures:			
Payroll		133,607	
Customer utility relief		1,827	
Small business grant		42,000	
Personal, property, and equipment		1,943	
Total expenditures	179,379	179,377	2
Net change in fund balance	\$ -	-	\$ -
Fund balances:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

**Town of Snow Hill, North Carolina
Water & Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021**

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating Revenues:			
Charges for services		\$ 1,011,209	
Total Charges for Services	\$ 1,049,194	1,011,209	\$ (37,985)
Water & sewer taps	23,600	20,100	(3,500)
Operating revenues:			
Alternative water	92,000	91,902	(98)
Total Other Operating Revenues	92,000	91,902	(98)
Total Operating Revenue	1,164,794	1,123,211	(41,583)
Nonoperating revenues:			
Interest earned on investments		168	
Rent		10,200	
Total Non-Operating Revenues	11,200	10,368	(832)
Total Revenues	1,175,994	1,133,579	(42,415)
Expenditures:			
Water:			
Salaries and benefits		127,275	
Operating expenses		309,232	
Total Water	488,304	436,507	51,797
Sewer:			
Salaries and benefits		231,111	
Operating expenses		233,982	
Total Sewer	531,090	465,093	65,997
Debt service:			
Interest and fees		2,363	
Principal retirement		123,789	
Total Debt Service	156,600	126,152	30,448
Capital Outlay		-	
Total Capital Outlay	-	-	-
Total Expenditures	1,175,994	1,027,752	148,242
Revenues Over (Under) Expenses	-	105,827	105,827

Town of Snow Hill, North Carolina
Water & Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Other Financing Sources (Uses):			
Contingency		-	
Total other financing sources (uses):	-	-	-
Revenues and Other Sources Over (Under) Expenditures	\$ -	105,827	\$ 105,827
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and Other Sources Over (Under) Expenditures		105,827	
Reconciling items:			
Capital outlay		-	
Depreciation		(319,202)	
Capital contribution		91,918	
Principal retirement		123,789	
(Increase) decrease in accrued vacation pay		18,335	
Increase (decrease) in deferred outflows of resources - pensions		31,874	
(Increase) decrease in pension liability		(63,420)	
(Increase) decrease in deferred inflows of resources - pensions		-	
Total reconciling items		(116,706)	
Change in net position		\$ (10,879)	

Town of Snow Hill, North Carolina
Water Line Replacement Capital Project Fund
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted intergovernmental:					
FEMA Grant	\$ 89,000	\$ 89,000	\$ -	\$ 89,000	\$ -
NC Commerce Grant	244,310	152,392	91,918	244,310	-
Total Revenues	<u>333,310</u>	<u>241,392</u>	<u>91,918</u>	<u>333,310</u>	<u>-</u>
Expenditures:					
Construction	186,100	80,187	153,985	234,172	(48,072)
Technical	68,400	48,829	24,292	73,121	(4,721)
Land/Easement Purchase	14,500	14,000	-	14,000	500
Legal	3,000	1,556	-	1,556	1,444
Contingency	61,310	-	-	-	61,310
Total Expenditures	<u>333,310</u>	<u>144,572</u>	<u>178,277</u>	<u>322,849</u>	<u>10,461</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 96,820</u>	(86,359)	<u>\$ 10,461</u>	<u>\$ 10,461</u>
Fund Balance, beginning			96,820		
Fund Balance, ending			<u>\$ 10,461</u>		

Town of Snow Hill, North Carolina
Water Line Replacement Capital Project Fund
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted intergovernmental:					
DEQA Grant	\$ 325,710	\$ -	\$ -	\$ -	\$ (325,710)
Total Revenues	<u>325,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(325,710)</u>
Expenditures:					
Construction	384,010	-	155,716	155,716	228,294
Construction contingency	55,850	-	-	-	55,850
Power Generator	85,000	4,739	-	4,739	80,261
Engineering Design	59,000	58,611	-	58,611	389
Permits	1,600	1,600	-	1,600	-
Loan Administration	10,000	4,140	5,000	9,140	860
Construction Observation & Administration	55,960	20,780	32,952	53,732	2,228
Total Expenditures	<u>651,420</u>	<u>89,870</u>	<u>193,668</u>	<u>283,538</u>	<u>367,882</u>
Other Financing Sources (Uses):					
DEQ loan proceeds	<u>325,710</u>	<u>-</u>	<u>353,420</u>	<u>353,420</u>	<u>27,710</u>
Total other financing sources (uses):	<u>325,710</u>	<u>-</u>	<u>353,420</u>	<u>353,420</u>	<u>27,710</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (89,870)</u>	<u>159,752</u>	<u>\$ 69,882</u>	<u>\$ (665,882)</u>
Fund Balance, beginning			(89,870)		
Fund Balance, ending			<u>\$ 69,882</u>		

Town of Snow Hill, North Carolina
Water System AIA Capital Project Fund
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted intergovernmental:					
DEQA Grant	\$ 150,000	\$ 144,465	\$ -	\$ 144,465	\$ (5,535)
Total Revenues	<u>150,000</u>	<u>144,465</u>	<u>-</u>	<u>144,465</u>	<u>(5,535)</u>
Expenditures:					
Engineering Design	162,000	162,000	-	162,000	-
Loan Administration	<u>750</u>	<u>750</u>	<u>-</u>	<u>750</u>	<u>-</u>
Total Expenditures	<u>162,750</u>	<u>162,750</u>	<u>-</u>	<u>162,750</u>	<u>-</u>
Revenues Over (Under) Expenditures	(12,750)	(18,285)	-	(18,285)	(5,535)
Other Financing Sources (Uses):					
Transfers	<u>12,750</u>	<u>12,750</u>	<u>-</u>	<u>12,750</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (5,535)</u>	<u>-</u>	<u>\$ (5,535)</u>	<u>\$ (5,535)</u>
Fund Balance, beginning			(5,535)		
Fund Balance, ending			<u>\$ (5,535)</u>		

Town of Snow Hill, North Carolina
Water System AIA Capital Project Fund
From Inception and For the Fiscal Year Ended June 30, 2021

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted intergovernmental:					
DEQA Grant	\$ 150,000	\$ 132,851	\$ -	\$ 132,851	\$ (17,149)
Total Revenues	<u>150,000</u>	<u>132,851</u>	<u>-</u>	<u>132,851</u>	<u>(17,149)</u>
Expenditures:					
Engineering Design	160,250	123,657	10,646	134,303	25,947
Loan Administration	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>-</u>
Total Expenditures	<u>162,750</u>	<u>126,157</u>	<u>10,646</u>	<u>136,803</u>	<u>25,947</u>
Revenues Over (Under) Expenditures	(12,750)	6,694	(10,646)	(3,952)	8,798
Other Financing Sources (Uses):					
Transfers	<u>12,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,750)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 6,694</u>	(10,646)	<u>\$ (3,952)</u>	<u>\$ (3,952)</u>
Fund Balance, beginning			6,694		
Fund Balance, ending			<u>\$ (3,952)</u>		

Town of Snow Hill, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 390,352	\$ 378,416	\$ 11,936
2019-2020	9,276	-	2,791	6,485
2018-2019	6,297	-	1,488	4,809
2017-2018	6,302	-	1,607	4,695
2016-2017	3,887	-	750	3,137
2015-2016	2,534	-	777	1,757
2014-2015	1,275	-	38	1,237
2013-2014	828	-	38	790
2012-2013	826	-	38	788
2011-2012	734	-	40	694
2010-2011	810	-	810	-
	<u>\$ 32,769</u>	<u>\$ 390,352</u>	<u>\$ 386,793</u>	<u>36,328</u>
Ad valorem taxes receivable - net				<u>\$ 36,328</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 397,607
Reconciling items:				
Interest and penalties collected				(2,972)
Releases and other adjustments				(7,842)
Total collections and credits				<u>\$ 386,793</u>

Town of Snow Hill, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate:					
General tax	\$ 114,809,412	0.34	\$ 390,352	\$ 326,562	\$ 63,790
Total	<u>114,809,412</u>		<u>390,352</u>	<u>326,562</u>	<u>63,790</u>
Net levy			390,352	326,562	63,790
Uncollected taxes at June 30, 2021			<u>11,936</u>	<u>11,936</u>	<u>-</u>
Current year's taxes collected			<u>\$ 378,416</u>	<u>\$ 314,626</u>	<u>\$ 63,790</u>
Current levy collection percentage			<u>96.94%</u>	<u>96.34%</u>	<u>100.00%</u>



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

**Report On Internal Control Over Financial Reporting And On Compliance and Other
Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Snow Hill, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Snow Hill, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprises the Town of Snow Hill's basic financial statements, and have issued our report thereon dated November 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Snow Hill's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Snow Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, listed as 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Snow Hill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Town of Snow Hill's Response to Findings

The Town of Snow Hill's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wilmington, North Carolina

November 4, 2021

Town of Snow Hill, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

Type of report auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ____yes X no
- Significant Deficiency(s) identified? X yes ____no

Noncompliance material to financial
statements noted? ____yes X no

Town of Snow Hill, North Carolina
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding: 2021-001 Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-001.

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrective action plan to follow.



Town of Snow Hill, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2021

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding: 2021 – 001	Segregation of Duties
Name of contact person:	Todd Whaley, Town Manager
Corrective Action:	The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls.
Proposed Completion Date:	The Town will implement the above immediately.

Town of Snow Hill, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021

Finding: 2020 – 001
Status: Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation. The governing board is becoming more involved in providing some of these controls.

Finding: 2020 – 002
Status: Corrected.

Finding: 2020 – 003
Status: Corrected.

Finding: 2020 – 004
Status: Corrected.



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 103
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 239-8294

Town of Snow Hill

We will perform the financial preparation services in accordance with applicable professional standards issued by the American Institute of Certified Public Accountants. *We, in our sole professional judgment, reserve the right to refuse to do any procedure or take any action that could be construed as making management decisions or performing management functions.*

As part of our audit, we assisted with preparation of the financial statements and related notes. You have designated an individual with suitable skill, knowledge, or experience to oversee our services and have made all management decisions and performed all management functions. You have reviewed, approved, and accepted responsibility for those financial statements and related notes.

You acknowledge responsibility for the contents contained in the Management's Discussion and Analysis. You have also reviewed and approved the journal entries, depreciation schedules, accounts receivable listing, and accounts payable listing.



Signed

Town of Snow Hill

Thompson, Price, Scott, Adams & Company, P.A
4024 Oleander Drive, Suite 3
Wilmington, NC 28403

This representation letter is provided in connection with your audit(s) of the financial statements of the Town of Snow Hill, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 30, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 1, 2021 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 11) Guarantees, whether written or oral, under which the governmental unit is contingently liable, if any, have been properly recorded or disclosed.
- 12) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 13) We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

- 14) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the governmental unit from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 1) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 1) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 2) We have no knowledge of any fraud or suspected fraud that affects the governmental unit and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 3) We have no knowledge of any allegations of fraud or suspected fraud affecting the governmental unit's financial statements communicated by employees, former employees, regulators, or others.
- 4) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 5) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 6) We have disclosed to you the identity of the governmental unit's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 7) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 8) We have a process to track the status of audit findings and recommendations.
- 9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 10) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 11) The governmental unit has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 13) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 14) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 15) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 16) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 17) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 18) In regard to the cash to accrual journal entries and preparation of depreciation schedules services performed by you, we have –
 - Assumed all management responsibilities.
 - Designated the governmental unit finance officer who has suitable skill, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.
- 19) The governmental unit has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 20) The governmental unit has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 21) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 22) The financial statements properly classify all funds and activities in accordance with .
- 23) All funds that meet the quantitative criteria in and for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 24) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 25) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 26) Provisions for uncollectible receivables have been properly identified and recorded.
- 27) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 28) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 29) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 30) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 31) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 32) We have appropriately disclosed the governmental unit's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 33) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 34) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 35) With respect to the combining and individual fund statements, budgetary schedules, and other schedules,
 - a) We acknowledge our responsibility for presenting the combining and individual fund statements, budgetary schedules, and other schedules in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund statements, budgetary schedules, and other schedules, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund

statements, budgetary schedules, and other schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b) If the combining and individual fund statements, budgetary schedules, and other schedules is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: Robert A. Leblay

Title: Town Manager

Signature: Ima Lockamy

Title: Finance Officer