

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

**FINANCIAL STATEMENTS  
YEAR END JUNE 30, 2022**

**Town of Snow Hill**  
**Financial Statements**  
**Snow Hill, North Carolina**  
**For the Fiscal Year Ended June 30, 2022**

**Board of Commissioners**

Dennis K. Liles, Mayor  
Rosa Wilkes, Mayor Pro-Tem  
Dianne Jones Andrews, Commissioner  
Geraldine Shackleford, Commissioner  
Lorraine Washington, Commissioner  
Faye Daniels, Commissioner

**Administrative Officers**

Tod Whaley, Town Manager  
Oma Lockamy, Deputy Finance Officer  
Josh Smith, Chief of Police

**Town of Snow Hill  
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## **Independent Auditor's Report**

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

### **Report on the Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and 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, 2022, and the related notes to the financial statements, which collectively comprise Town of Snow Hill's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying 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 aggregate remaining fund information of Town of Snow Hill as of June 30, 2022, and the respective changes in financial position, and cash flows 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Snow Hill and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Audit of 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; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Snow Hill's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that , individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Snow Hill's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Snow Hill's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Snow Hill's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, 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 21, 2022, 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 that 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 the effectiveness of Town of Snow Hill's 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 Town of Snow Hill's internal control over financial reporting and compliance.

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

*Wilmington, North Carolina*

*November 21, 2022*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

As management of the Town of Snow Hill (the "Town"), 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, 2022. 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

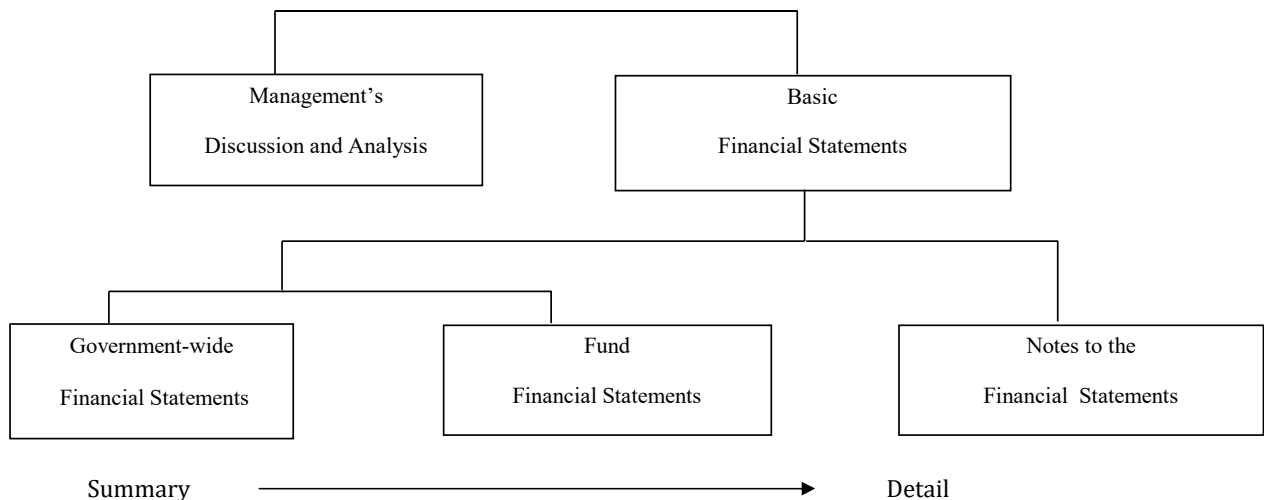
- The assets and deferred outflows of resources of the Town of Snow Hill exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,271,282 (net position).
- The government's total net position increased by \$377,106, due to an increase in both the government-type activities and business-type activities net position.
- As of the close of the current fiscal year, the Town of Snow Hill's governmental funds reported an ending fund balance of \$1,773,319 with a net increase of \$256,177 in fund balance. Approximately, 14% of this total amount, or \$252,096, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,521,223 or 122% of total general fund expenditures for the fiscal year.
- The Town of Snow Hill's total debt decreased by \$90,592 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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## Government-Wide Financial Analysis

**Town of Snow Hill's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,195,210	\$ 1,611,782	\$ 1,255,946	\$ 1,261,544	\$ 3,451,156	\$ 2,873,326
Capital assets	1,468,859	1,498,059	5,887,227	5,749,192	7,356,086	7,247,251
Deferred outflows of resources	155,044	169,280	96,938	101,891	251,982	271,171
Total assets and deferred outflows of resources	3,819,113	3,279,121	7,240,111	7,112,627	11,059,224	10,391,748
Long-term liabilities outstanding	184,015	306,035	784,996	976,697	969,011	1,282,732
Other liabilities	423,475	78,485	176,974	134,963	600,449	213,448
Deferred inflows of resources	121,898	1,392	96,584	-	218,482	1,392
Total liabilities and deferred inflows of resources	729,388	385,912	1,058,554	1,111,660	1,787,942	1,497,572
Net position:						
Net investment in capital assets	1,468,859	1,498,059	5,104,291	4,875,664	6,573,150	6,373,723
Restricted	221,528	206,576	-	-	221,528	206,576
Unrestricted	1,399,338	1,188,574	1,077,266	1,125,303	2,476,604	2,313,877
Total net position	\$ 3,089,725	\$ 2,893,209	\$ 6,181,557	\$ 6,000,967	\$ 9,271,282	\$ 8,894,176

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 \$9,271,282 as of June 30, 2022. The Town's net position increased by \$377,106 for the fiscal year ended June 30, 2022. However, the Town's largest portion, \$6,573,150 (71%), 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 \$221,528 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,476,604 is unrestricted.

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

- Decrease in expenses.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.51%.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 251,508	\$ 273,031	\$ 958,416	\$ 1,133,411	\$ 1,209,924	\$ 1,406,442
Operating grants and contributions	49,158	43,918	100,935	-	150,093	43,918
Capital grants and contributions	-	-	297,382	91,918	297,382	91,918
General revenues:						
Property taxes	435,831	409,359	-	-	435,831	409,359
Other taxes	471,303	451,146	-	-	471,303	451,146
Grants and contributions not restricted to specific programs	213,641	404,790	-	-	213,641	404,790
Other	79,634	150,143	614	168	80,248	150,311
<b>Total revenues</b>	<b>1,501,075</b>	<b>1,732,387</b>	<b>1,357,347</b>	<b>1,225,497</b>	<b>2,858,422</b>	<b>2,957,884</b>
<b>Expenses:</b>						
General government	327,923	376,192	-	-	327,923	376,192
Public safety	550,341	435,406	-	-	550,341	435,406
Transportation	178,220	188,654	-	-	178,220	188,654
Environmental protections	164,598	141,977	-	-	164,598	141,977
Community Development	83,477	144,859	-	-	83,477	144,859
Miscellaneous	-	287,569	-	-	-	287,569
Water and sewer	-	-	1,176,757	1,236,376	1,176,757	1,236,376
<b>Total expenses</b>	<b>1,304,559</b>	<b>1,574,657</b>	<b>1,176,757</b>	<b>1,236,376</b>	<b>2,481,316</b>	<b>2,811,033</b>
Increase (decrease) in net position before transfers	196,516	157,730	180,590	(10,879)	377,106	146,851
Increase (decrease) in net position	196,516	157,730	180,590	(10,879)	377,106	146,851
Net position-beginning	2,893,209	2,735,479	6,000,967	6,011,846	8,894,176	8,747,325
Net position-ending	\$ 3,089,725	\$ 2,893,209	\$ 6,181,557	\$ 6,000,967	\$ 9,271,282	\$ 8,894,176

**Governmental-type activities:** Governmental activities increased the Town's net position by \$196,516. Key element of this increase are as follows:

- Decrease in expenses.

**Business-type activities:** Business-type activities decreased the Town's net position by \$180,590. Key elements of this increase are as follows:

- Increase 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 \$1,521,223 while total fund balance reached \$1,773,319. The Town currently has an available fund balance of 122% of general fund expenditures, while total fund balance represents 142% of the same amount.

At June 30, 2022, the governmental funds of the Town of Snow Hill reported a combined fund balance of \$1,773,319, with a net increase in fund balance of \$256,177.

**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 \$1,077,266. The total increase in net position was \$180,590. The change in net position in the Water and Sewer Fund is a result of increased 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, 2022, totals \$7,356,086 (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
- John Deer Tractor

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 287,044	\$ 287,044	\$ 31,794	\$ 31,794	\$ 318,838	\$ 318,838
Construction in progress	-	-	1,268,232	905,940	1,268,232	905,940
Buildings and other systems	515,629	541,481	97,843	105,568	613,472	647,049
Equipment	56,226	15,530	116,794	37,040	173,020	52,570
Infrastructure	577,060	605,123	14,919	16,365	591,979	621,488
Vehicles	32,900	48,881	15,997	34,136	48,897	83,017
Furnitures	-	-	-	-	-	-
Water/Sewer system	-	-	4,341,648	4,618,349	4,341,648	4,618,349
Total	\$ 1,468,859	\$ 1,498,059	\$ 5,887,227	\$ 5,749,192	\$ 7,356,086	\$ 7,247,251

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, 2022 the Town of Snow Hill had total debt outstanding of \$782,936. The legal debt margin of the Town is \$9,405,741.

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>.

## BASIC FINANCIAL STATEMENTS



**Town of Snow Hill, North Carolina**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,610,717	\$ 796,874	\$ 2,407,591
Taxes receivable (net)	32,397	-	32,397
Accounts receivable (net)	24,234	216,164	240,398
Internal balances	(135,550)	135,550	-
Due from other governments	100,889	-	100,889
Inventories	-	32,046	32,046
Restricted cash and cash equivalents	562,523	75,312	637,835
Total current assets	<u>2,195,210</u>	<u>1,255,946</u>	<u>3,451,156</u>
Non-Current Assets:			
Capital assets:			
Land, improvements, and construction in progress	287,044	1,300,026	1,587,070
Other capital assets, net of depreciation	1,181,815	4,587,201	5,769,016
Total capital assets	<u>1,468,859</u>	<u>5,887,227</u>	<u>7,356,086</u>
Total assets	<u>3,664,069</u>	<u>7,143,173</u>	<u>10,807,242</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals - LGERS	118,480	96,938	215,418
Pension deferrals - LEO	36,564	-	36,564
Total deferred outflows of resources	<u>155,044</u>	<u>96,938</u>	<u>251,982</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	58,926	25,372	84,298
Customer deposits	30,568	75,312	105,880
Compensated absences	33,981	19,000	52,981
Current portion of long-term liabilities	-	57,290	57,290
Payable from restricted assets	300,000	-	300,000
Long-term liabilities:			
Net pension liability	72,539	59,350	131,889
Total pension liability	111,476	-	111,476
Due in more than one year	-	725,646	725,646
Total liabilities	<u>607,490</u>	<u>961,970</u>	<u>1,569,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals - LGERS	118,048	96,584	214,632
Pension deferrals - LEO	3,850	-	3,850
Total deferred inflows of resources	<u>121,898</u>	<u>96,584</u>	<u>218,482</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,468,859	5,104,291	6,573,150
Restricted for:			
Transportation-Powell Bill	96,405	-	96,405
Stabilization by State statute	125,123	-	125,123
Unrestricted (deficit)	1,399,338	1,077,266	2,476,604
Total net position	<u>\$ 3,089,725</u>	<u>\$ 6,181,557</u>	<u>\$ 9,271,282</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, 2022**

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
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 327,923	\$ 3,725	\$ -	\$ -	\$ (324,198)	\$ -	\$ (324,198)
Public safety	550,341	-	-	-	(550,341)	-	(550,341)
Transportation	178,220	-	49,158	-	(129,062)	-	(129,062)
Environmental protection	164,598	153,308	-	-	(11,290)	-	(11,290)
Community development	83,477	94,475	-	-	10,998	-	10,998
Total governmental activities	<u>1,304,559</u>	<u>251,508</u>	<u>49,158</u>	<u>-</u>	<u>(1,003,893)</u>	<u>-</u>	<u>(1,003,893)</u>
Business-type activities:							
Water and sewer	<u>1,176,757</u>	<u>958,416</u>	<u>100,935</u>	<u>297,382</u>	<u>-</u>	<u>179,976</u>	<u>179,976</u>
Total business-type activities	<u>1,176,757</u>	<u>958,416</u>	<u>100,935</u>	<u>297,382</u>	<u>-</u>	<u>179,976</u>	<u>179,976</u>
Total Government	<u>\$ 2,481,316</u>	<u>\$ 1,209,924</u>	<u>\$ 150,093</u>	<u>\$ 297,382</u>	<u>(1,003,893)</u>	<u>179,976</u>	<u>(823,917)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					435,831		435,831
Local Option Sales tax					292,336	-	292,336
Other taxes and licenses					178,967	-	178,967
Grants and contributions not restricted to specific programs					213,641	-	213,641
Investment earnings, unrestricted					683	614	1,297
Other					78,951	-	78,951
Total general revenues and transfers					<u>1,200,409</u>	<u>614</u>	<u>1,201,023</u>
Change in net position					196,516	180,590	377,106
Net position-beginning					<u>2,893,209</u>	<u>6,000,967</u>	<u>8,894,176</u>
Net position-ending					<u>\$ 3,089,725</u>	<u>\$ 6,181,557</u>	<u>\$ 9,271,282</u>

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, 2022**

	<b>Major Fund</b>			<b>Total</b>
	<b>General Fund</b>	<b>Covid Relief Fund</b>	<b>SCIF Grants Fund</b>	<b>Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	1,610,717	\$ -	\$ -	\$ 1,610,717
Restricted cash	126,973	135,550	300,000	562,523
Receivables, net:				
Taxes	32,397	-	-	32,397
Accounts	24,234	-	-	24,234
Due from other governments	100,889	-	-	100,889
Total assets	<u>1,895,210</u>	<u>135,550</u>	<u>300,000</u>	<u>2,330,760</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	58,926	-	-	58,926
Unearned revenue	-	-	300,000	300,000
Customer deposits	30,568	-	-	30,568
Due to other funds	-	135,550	-	135,550
Total liabilities	<u>89,494</u>	<u>135,550</u>	<u>300,000</u>	<u>525,044</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	32,397	-	-	32,397
Total deferred inflows of resources	<u>32,397</u>	<u>-</u>	<u>-</u>	<u>32,397</u>
<b>FUND BALANCES</b>				
Restricted				
Stabilization by state statute	125,123	-	-	125,123
Streets - Powell Bill	96,405	-	-	96,405
Customer deposits	30,568	-	-	30,568
Unassigned	1,521,223	-	-	1,521,223
Total fund balances	<u>1,773,319</u>	<u>-</u>	<u>-</u>	<u>1,773,319</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,895,210</u>	<u>\$ 135,550</u>	<u>\$ 300,000</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.				1,468,859
Liabilities for earned revenues considered deferred inflows of resources in fund statements				32,397
Contributions to the pension plan in the current fiscal year are deferred outflows of resources in the Statement of Net Position				
Pension deferrals - LGERS				118,480
Pension deferrals - LEO				36,564
Deferred inflows of resources related to pensions are not reported in the funds				
Pension deferrals - LGERS				(118,048)
Pension deferrals - LEO				(3,850)
Net pension liability.				(72,539)
Total pension liability.				(111,476)
Compensated absences				(33,981)
Net position of governmental activities				<u>\$ 3,089,725</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, 2022**

	<u>Major Fund</u>			<b>Total</b>
	<u>General Fund</u>	<u>Covid Relief Fund</u>	<u>SCIF Grants Fund</u>	<u>Governmental Funds</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 439,762	\$ -	\$ -	\$ 439,762
Other taxes and licenses	7,210	-	-	7,210
Unrestricted intergovernmental	481,397	-	-	481,397
Restricted intergovernmental	262,799	-	-	262,799
Sales and services	251,508	-	-	251,508
Investment earnings	683	-	-	683
Other	61,647	-	-	61,647
Total revenues	<u>1,505,006</u>	<u>-</u>	<u>-</u>	<u>1,505,006</u>
<b>EXPENDITURES</b>				
Current:				
General government	318,927	-	-	318,927
Public safety	510,787	-	-	510,787
Transportation	188,489	-	-	188,489
Environmental protection	147,149	-	-	147,149
Community development	83,477	-	-	83,477
Total expenditures	<u>1,248,829</u>	<u>-</u>	<u>-</u>	<u>1,248,829</u>
Excess (deficiency) of revenues over expenditures	<u>256,177</u>	<u>-</u>	<u>-</u>	<u>256,177</u>
Net change in fund balance	256,177	-	-	256,177
Fund balances-beginning	<u>1,517,142</u>	<u>-</u>	<u>-</u>	<u>1,517,142</u>
Fund balances-ending	<u>\$ 1,773,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,773,319</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, 2022**

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

Net changes in fund balances - total governmental funds	\$ 256,177
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	45,845
Depreciation expense for governmental assets	<u>(75,045)</u>
	(29,200)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	39,557
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	1,441
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	(3,931)
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.	
(Increase) decrease in Compensated absences	(13,809)
Pension expense - LGERS	(33,565)
Pension expense - LEO	<u>(20,154)</u>
Total changes in net position of governmental activities	<u>\$ 196,516</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, 2022**

	General Fund			Variance With Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 406,500	\$ 406,500	\$ 439,762	\$ 33,262
Other taxes and licenses	2,100	500	7,210	6,710
Unrestricted intergovernmental	424,000	403,000	481,397	78,397
Restricted intergovernmental	142,830	162,430	262,799	100,369
Sales and services	209,625	210,725	251,508	40,783
Investment earnings	-	2,000	683	(1,317)
Miscellaneous	22,500	22,500	61,647	39,147
Total revenues	<u>1,207,555</u>	<u>1,207,655</u>	<u>1,505,006</u>	<u>297,351</u>
Expenditures				
Current:				
General government	220,052	352,004	318,927	33,077
Public safety	553,651	568,151	510,787	57,364
Transportation	149,010	207,165	188,489	18,676
Environmental protection	155,060	157,920	147,149	10,771
Community development	170,652	108,200	83,477	24,723
Total expenditures	<u>1,248,425</u>	<u>1,393,440</u>	<u>1,248,829</u>	<u>144,611</u>
Revenues over (under) expenditures	(40,870)	(185,785)	256,177	441,962
Other financing sources (uses):				
Fund balance appropriated	40,870	185,785	-	(185,785)
Total other financing sources (uses)	<u>40,870</u>	<u>185,785</u>	<u>-</u>	<u>(185,785)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	256,177	<u>\$ 256,177</u>
Fund balances:				
Beginning of year, July 1			<u>1,517,142</u>	
End of year, June 30			<u>\$ 1,773,319</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, 2022**

	Major Enterprise Fund
	Water & Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	796,874
Accounts receivable (net)	216,164
Inventory	32,046
Due from other funds	135,550
Restricted cash and cash equivalents	75,312
Total current assets	<u>1,255,946</u>
Non-current Assets	
Capital Assets:	
Land and other nondepreciable assets	1,300,026
Other capital assets, net of depreciation	4,587,201
Capital assets	<u>5,887,227</u>
Total noncurrent assets	<u>5,887,227</u>
Total assets	<u>7,143,173</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>96,938</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	25,372
Customer deposits	75,312
Current portion of compensated absences	19,000
Long-term debt, current portion	57,290
Total current liabilities	<u>176,974</u>
Noncurrent liabilities:	
Net pension liability	59,350
Long-term debt, noncurrent portion	725,646
Total noncurrent liabilities	<u>784,996</u>
Total liabilities	<u>961,970</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	96,584
Total deferred inflows of resources	<u>96,584</u>
<b>NET POSITION</b>	
Net investment in capital assets, net of related debt	5,104,291
Unrestricted	1,077,266
Total net position	<u>\$ 6,181,557</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, 2022**

	Major Enterprise Fund
	Water & Sewer Fund
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 875,641
Other operating revenues	71,400
<b>Total operating revenues</b>	<u>947,041</u>
<b>OPERATING EXPENSES:</b>	
Water	380,970
Sewer	470,692
Depreciation	325,095
<b>Total operating expenses</b>	<u>1,176,757</u>
<b>Operating income (loss)</b>	<u>(229,716)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment earnings	614
Miscellaneous revenue	11,375
American rescue plan	100,935
Interest and other charges	-
<b>Total nonoperating revenues (expenses)</b>	<u>112,924</u>
<b>Income before contributions and transfers</b>	(116,792)
Capital contributions	<u>297,382</u>
<b>Change in net position</b>	180,590
<b>Net position, beginning</b>	<u>6,000,967</u>
<b>Net position, ending</b>	<u><u>\$ 6,181,557</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, 2022**

	Major Enterprise Fund Water & Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 1,035,707
Cash paid for goods and services	(442,499)
Cash paid to employees for services	(385,962)
Customer deposits	19,238
Net cash provided by operating activities	<u>226,484</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Miscellaneous revenues	11,375
Net cash provided (used) by noncapital financing activities	<u>11,375</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets	(463,130)
Grant proceeds	398,317
Principal paid on bond maturities and revolving loan	(90,592)
Net cash provided (used) by capital and related financing activities	<u>(155,405)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and dividends	<u>614</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,068
Cash and cash equivalents:	
Beginning of year, July 1	789,118
End of year, June 30	<u>\$ 872,186</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (229,716)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	325,095
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	88,666
(Increase) decrease in deferred outflows of resources - pensions	4,953
(Decrease) increase in net pension liability	(106,439)
(Decrease) increase in deferred inflows of resources - pensions	96,584
Increase (decrease) in accounts payable and accrued liabilities	18,301
Increase (decrease) in customer deposits	19,238
Increase (decrease) in compensated absences	9,802
Total adjustments	<u>456,200</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 226,484</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

**Town of Snow Hill, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**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 Town has no fiduciary funds to report. 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 fund:

**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.

**Covid Relief Fund.** This fund was established to house the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the entity.

**SCIF Grant.** This fund was established to utilize the SCIF funds approved by the state legislature that will help fund the construction of a Splash Pad for recreational use.

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, 2022, 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 Cash

## Governmental Activities

## General Fund

Streets	\$	96,405
Customer deposits		30,568
American Rescue Plan		135,550
SCIF Grant		300,000

Total Governmental Activities		<u>562,523</u>
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## Business-type Activities

## Water and Sewer Fund

Customer deposits		<u>75,312</u>
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Total Business-type Activities		<u>75,312</u>
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Total Restricted Cash	\$	<u>637,835</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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2021. 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:

Asset Class	Estimated Useful Lives
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 2022 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 2022 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, 2022, the Town's deposits had a carrying amount of \$2,663,665 and a bank balance of \$2,668,396. 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, 2022, the Town's petty cash fund totaled \$830.

2. Investments

At June 30, 2022, the Town of Snow Hill had \$380,931 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, 2022 are net of the following allowances for doubtful accounts:

General Fund:	
Solid Waste	\$ 2,108
Water and Sewer Fund:	
Accounts Receivable	<u>21,170</u>
Total	<u><u>\$ 23,278</u></u>

### 3. Capital Assets

#### Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 287,044	\$ -	\$ -	\$ 287,044
Total capital assets not being depreciated	<u>287,044</u>	<u>-</u>	<u>-</u>	<u>287,044</u>
<b>Capital assets being depreciated:</b>				
Buildings	864,339	-	-	864,339
Equipment	313,161	45,845	-	359,006
Vehicles and motorized equipment	221,338	-	(40,963)	262,301
Infrastructure	1,011,288	-	-	1,011,288
Furniture	1,762	-	-	1,762
Total capital assets being depreciated	<u>2,411,888</u>	<u>45,845</u>	<u>(40,963)</u>	<u>2,498,696</u>
<b>Less accumulated depreciation for:</b>				
Buildings	322,858	25,852	-	348,710
Equipment	297,631	5,149	-	302,780
Vehicles and motorized equipment	172,457	15,981	(40,963)	229,401
Infrastructure	406,165	28,063	-	434,228
Furniture	1,762	-	-	1,762
Total accumulated depreciation	<u>1,200,873</u>	<u>\$ 75,045</u>	<u>\$ (40,963)</u>	<u>1,316,881</u>
Total capital assets being depreciated, net	<u>1,211,015</u>			<u>1,181,815</u>
<b>Governmental activity capital assets, net</b>	<u><u>\$ 1,498,059</u></u>			<u><u>\$ 1,468,859</u></u>

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

General Government	\$ 8,252
Public Safety	16,570
Transportation	33,516
Environmental protection	16,707
Total Depreciation Expense	<u><u>\$ 75,045</u></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	905,940	362,292	-	1,268,232
Total capital assets not being depreciated	937,734	362,292	-	1,300,026

**Capital assets being depreciated:**

Buildings	250,062	-	-	250,062
Equipment	292,304	100,838	-	393,142
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	100,838	-	12,309,796

**Less accumulated depreciation for:**

Buildings	144,494	7,725	-	152,219
Equipment	255,264	21,084	-	276,348
Vehicles and motorized equipment	208,005	18,139	-	226,144
Water & sewer system	6,779,411	276,701	-	7,056,112
Infrastructure	10,326	1,446	-	11,772
Total accumulated depreciation	7,397,500	\$ 325,095	\$ -	7,722,595

**Total capital assets being depreciated, net**

	4,811,458			4,587,201
<b>Water Fund capital assets, net</b>	<u>\$ 5,749,192</u>			<u>\$ 5,887,227</u>

**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](http://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, 2022, was 11.35% for general employees and 12.04% 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 \$71,921 for the year ended June 30, 2022.

*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, 2022, the Town reported a liability of \$131,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, 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, 2021 (measurement date), the Town's proportion was 0.00860%, which was an increase of 0.01031% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$61,028. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 41,959	\$ -
Change of assumptions	82,860	188,430
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	18,678	26,202
Town's contributions subsequent to the measurement date	71,921	-
Total	<u>\$ 215,418</u>	<u>\$ 214,632</u>

\$71,921 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2023	\$ 12,959
2024	(3,408)
2025	(23,027)
2026	(57,659)
Thereafter	-
	<u>\$ (71,135)</u>

*Actuarial Assumptions*. The total pension liability in the December 31, 2020 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, 2020 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, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 2020 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 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1 % Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	\$511,983	\$131,889	(\$180,906)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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, 2021 the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Active plan members	7
Total	<u>7</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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 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, 2020.

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 \$1,441 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, 2022, the Town reported a total pension liability of \$111,476. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$20,154.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,559	\$ -
Changes of assumptions and other inputs	28,005	3,850
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 36,564	\$ 3,850

\$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:

<b>Year Ended June 30,</b>	
2023	\$ 8,495
2024	8,133
2025	7,749
2026	5,838
2027	2,965
Thereafter	(466)
	<u>\$ 32,714</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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<b>1 % Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 122,428	\$ 111,476	\$ 101,319



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

	<b>2022</b>
Beginning balance	\$ 103,404
Service Cost	9,677
Interest on the total pension liability	1,982
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	1,272
Changes of assumptions or other inputs	(3,418)
Benefit payments	(1,441)
Other changes	-
Ending balance of the total pension liability	<u>\$ 111,476</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:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 61,028	\$ 20,154	\$ 81,182
Pension Liability	131,889	111,476	243,365
Proportionate share of the net pension liability	0.00860%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	41,959	8,559	50,518
Changes of assumptions	82,860	28,005	110,865
Net difference between projected and actual earning on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	18,678	-	18,678
Benefit payments and administrative costs paid subsequent to the measurement date	71,921	-	71,921
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	-	-
Changes of assumptions	188,430	3,850	192,280
Net differences between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	26,202	-	26,202

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 \$29,908 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	\$ 71,921
Differences between expected and actual experience	50,518
Changes of assumptions	110,865
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	18,678
Total	<u>\$ 251,982</u>

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

	Statement of Net Position	General Fund Balance Sheet
Pension deferrals	\$ 218,482	\$ -
Taxes Receivable, less penalties (General Fund)	-	32,397
	<u>\$ 218,482</u>	<u>\$ 32,397</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, 2022, 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, 2022, \$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 \$67,491, including no interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 9,643	\$ -	\$ 9,643
2024	9,643	-	9,643
2025	9,643	-	9,643
2026	9,643	-	9,643
2027	9,643	-	9,643
2028-2030	19,276	-	19,276
	<u>\$ 67,491</u>	<u>\$ -</u>	<u>\$ 57,848</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, 2022, \$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 \$411,333, including no interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 31,641	\$ -	\$ 31,641
2024	31,641	-	31,641
2025	31,641	-	31,641
2026	31,641	-	31,641
2027	31,641	-	31,641
2028-2032	158,205	-	158,205
2033-2036	94,923	-	94,923
	<u>\$ 411,333</u>	<u>\$ -</u>	<u>\$ 411,333</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, 2022, \$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 \$304,112, including no interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 16,006	\$ -	\$ 16,006
2024	16,006	-	16,006
2025	16,006	-	16,006
2026	16,006	-	16,006
2027	16,006	-	16,006
2028-2032	80,028	-	80,028
2033-2036	80,028	-	80,028
2037-2041	64,026	-	64,026
	<u>\$ 304,112</u>	<u>\$ -</u>	<u>\$ 304,112</u>

b. Changes in General Long-Term Liabilities

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

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22	Current Portion
Governmental activities:					
Net pension liability (LGERS)	\$ 202,631	\$ -	\$ (130,092)	\$ 72,539	\$ -
Total pension liability (LEOSSA)	103,404	8,072	-	111,476	-
Compensated absences	20,172	61,261	(47,452)	33,981	33,981
Governmental activity long-term liabilities	<u>\$ 326,207</u>	<u>\$ 69,333</u>	<u>\$ (177,544)</u>	<u>\$ 217,996</u>	<u>\$ 33,981</u>
Business-type activities:					
Direct placement installment					
Revolving loan	\$ 873,528	\$ -	\$ (90,592)	\$ 782,936	\$ 57,290
Net pension liability (LGERS)	165,789	-	(106,439)	59,350	-
Compensated absences	9,198	21,658	(11,856)	19,000	19,000
Business-type activity long-term liabilities	<u>\$ 1,048,515</u>	<u>\$ 21,658</u>	<u>\$ (208,887)</u>	<u>\$ 861,286</u>	<u>\$ 76,290</u>

At June 30, 2022, the Town of Snow Hill had a legal debt margin of \$10,398,329.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2022, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water/Sewer Fund	\$ 135,550

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

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 1,468,859	5,887,227
Less: long term debt	-	(782,936)
Net investment in capital asset	<u>\$ 1,468,859</u>	<u>\$ 5,104,291</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	<b>\$ 1,773,319</b>
Less:	
Stabilization by State Statute	125,123
Streets - Powell Bill	96,405
Customer Deposits	30,568
Remaining Fund Balance	1,521,223

IV. Summary Disclosure of Significant ContingenciesFederal 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 21, 2022 the date that the financial statements were available to be issued.

REQUIRED  
SUPPLEMENTAL FINANCIAL DATA

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

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Schedule of the Proportionate Share of the Net Pension  
Liability – Local Government Employees’ Retirement  
System

Schedule of Contributions – Local Government  
Employees’ Retirement System

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

Schedule of Total Pension Liability as a Percentage of  
Covered Payroll - Law Enforcement Officers' Special  
Separation Allowance

**Town of Snow Hill, North Carolina**  
**Town of Snow Hill's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Nine Fiscal Years\***

**Local Government Employees' Retirement System**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Town's proportion of the net pension liability (asset) (%)	0.00860%	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) (\$)	\$ 131,889	\$ 368,420	\$ 227,486	\$ 210,664	\$ 142,689	\$ 173,393	\$ 34,512	43,641	79,555
Town's covered-employee payroll	\$ 662,053	\$ 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	19.92%	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**	95.51%	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 Nine Fiscal Years**

**Local Government Employees' Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 71,921	\$ 69,714	\$ 62,978	\$ 55,504	\$ 48,424	\$ 47,690	\$ 35,153	\$ 35,813	\$ 36,203
Contributions in relation to the contractually required contribution	71,921	69,714	62,978	55,504	48,424	47,690	35,153	35,813	36,203
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 618,567	\$ 662,053	\$ 681,012	\$ 692,138	\$ 625,552	\$ 637,098	\$ 516,215	\$ 499,739	\$ 466,306
Contributions as a percentage of covered-employee payroll	11.63%	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, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 103,404	\$ 59,642	\$ 43,252	\$ 40,443	\$ 30,578	\$ 27,652
Service Cost	9,677	6,625	5,461	4,761	4,131	2,879
Interest on the total pension liability	1,982	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	1,272	2,628	9,347	1,216	2,462	-
Changes of assumptions or other inputs	(3,418)	37,325	2,209	(2,250)	4,295	(940)
Benefit payments	(1,441)	(4,684)	(2,162)	(2,162)	(2,162)	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 111,476</u>	<u>\$ 103,404</u>	<u>\$ 59,642</u>	<u>\$ 43,252</u>	<u>\$ 40,443</u>	<u>\$ 30,578</u>

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, 2022**

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 111,476	\$ 103,404	\$ 59,642	\$ 43,252	\$ 40,443	\$ 30,578
Covered payroll	285,175	287,002	239,971	189,915	242,545	161,977
Total pension liability as a percentage of covered payroll	39.09%	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.

## GENERAL FUND

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

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**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, 2022**

	2022		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Current year		\$ 439,762	
Total	\$ 406,500	439,762	\$ 33,262
Other taxes and licenses:			
Automobile licenses tags		7,210	
Total	500	7,210	6,710
Unrestricted intergovernmental:			
Local option sales taxes		292,336	
Utility franchise tax		72,454	
Piped natural gas sales tax		6,329	
Telecommunication sales tax		9,180	
Supplement PEG channel support		77,924	
Beer and wine tax		5,870	
ABC Revenue		14,859	
Video franchise fee		2,445	
Total	403,000	481,397	78,397
Restricted intergovernmental:			
Powell Bill allocation		49,158	
Grants		213,641	
Total	162,430	262,799	100,369
Sales and services:			
Waste collection fees		153,308	
Cemetery lot sales and dept fees		94,475	
Zoning		3,725	
Total	210,725	251,508	40,783
Investment earnings	2,000	683	(1,317)
Miscellaneous:			
Other revenues		39,716	
Rent		19,556	
Gasoline tax refund		2,375	
Total	22,500	61,647	39,147
Total Revenues	1,207,655	1,505,006	297,351

**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, 2022**

	2022		Variance
	Budget	Actual	Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries & benefits		39,969	
Operating expense		3,521	
Total	49,100	43,490	5,610
Administration:			
Salaries & benefits		107,946	
Operating expense		113,805	
Total	240,702	221,751	18,951
Cemetery Department:			
Salaries & benefits		42,340	
Operating expense		11,346	
Total	62,202	53,686	8,516
Total general government	352,004	318,927	33,077
Public safety:			
Police Department:			
Salaries & benefits		393,086	
Operating expense		42,701	
Capital Outlay		-	
Total	491,971	435,787	56,184
Fire Department:			
Contributions		75,000	
Total	76,180	75,000	1,180
Total public safety	568,151	510,787	57,364
Transportation:			
Streets:			
Salaries & benefits		33,272	
Operating expense		56,011	
Capital Outlay		45,845	
Total	153,715	135,128	18,587

**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, 2022**

	2022		Variance
	Budget	Actual	Positive (Negative)
Powell Bill:			
Salaries & benefits		14,319	
Operating expense		39,042	
Total	53,450	53,361	89
Total transportation	207,165	188,489	18,676
Environmental protection:			
Salaries & benefits		18,060	
Operating expense		129,089	
Total	157,920	147,149	10,771
Community Development			
Operating expense		83,477	
Total	108,200	83,477	24,723
Total Expenditures	1,393,440	1,248,829	144,611
Revenues over (under) expenditures	(185,785)	256,177	441,962
Other financing sources (uses):			
Fund Balance Appropriated	185,785	-	(185,785)
Total	185,785	-	(185,785)
Net change in fund balance	\$ -	256,177	\$ 256,177
Fund balances:			
Beginning of year, July 1		1,517,142	
End of year, June 30		\$ 1,773,319	

**Town of Snow Hill, North Carolina**  
**Special Revenue Fund - Covid Relief Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2022**

	2022		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Recovery relief funds		\$ -	
Total Revenues	\$ 179,379	-	\$ (179,379)
<b>Expenditures:</b>			
Payroll		-	
Customer utility relief		-	
Small business grant		-	
Personal, property, and equipment		-	
Total expenditures	179,379	-	179,379
Net change in fund balance	\$ -	-	\$ -
<b>Fund balances:</b>			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

**Town of Snow Hill, North Carolina**  
**Capital Project Fund - SCIF Grant**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

		Actual			Variance
	Project	Prior Years	Current	Total to	Positive
	Authorization		Year	Date	(Negative)
Revenues:					
Restricted intergovernmental:					
SCIF Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures:					
Engineering Design	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Transfers	-	-	-	-	-
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund Balance, beginning			-		
Fund Balance, ending			\$ -		



**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, 2022**

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues:			
Charges for services		\$ 870,116	
Total Charges for Services	\$ 987,395	870,116	\$ (117,279)
Water & sewer taps	20,600	5,525	(15,075)
Operating revenues:			
Alternative water	88,000	71,400	(16,600)
Total Other Operating Revenues	88,000	71,400	(16,600)
Total Operating Revenues	1,095,995	947,041	(148,954)
Nonoperating revenues:			
Interest earned on investments		614	
Rent		9,350	
American rescue plan		100,935	
Miscellaneous		2,025	
Total Non-Operating Revenues	11,200	112,924	101,724
Total Revenues	1,107,195	1,059,965	(47,230)
Expenditures:			
Water:			
Salaries and benefits		143,876	
Operating expenses		237,094	
Total Water	498,668	380,970	117,698
Sewer:			
Salaries and benefits		246,986	
Operating expenses		218,806	
Total Sewer	532,769	465,792	66,977
Debt service:			
Debt payments		90,592	
Total Debt Service	94,600	90,592	4,008
Capital Outlay		100,838	
Total Capital Outlay	122,616	100,838	21,778
Total Expenditures	1,248,653	1,038,192	210,461

**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, 2022**

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues Over (Under) Expenses	(141,458)	21,773	163,231
Other Financing Sources (Uses):			
Appropriated fund balance	81,458	-	
Total other financing sources (uses):	81,458	-	-
Revenues and Other Sources Over (Under) Expenditures	<u>\$ (60,000)</u>	<u>21,773</u>	<u>\$ 163,231</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and Other Sources Over (Under) Expenditures		<u>21,773</u>	
Reconciling items:			
Capital outlay		100,838	
Depreciation		(325,095)	
Capital contribution		297,382	
Principal retirement		90,592	
(Increase) decrease in accrued vacation pay		(9,802)	
Increase (decrease) in deferred outflows of resources - pensions		(4,953)	
(Increase) decrease in pension liability		106,439	
(Increase) decrease in deferred inflows of resources - pensions		(96,584)	
Total reconciling items		<u>158,817</u>	
<b>Change in net position</b>		<u>\$ 180,590</u>	

**Town of Snow Hill, North Carolina**  
**Water Line Replacement Capital Project Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

		Actual			Variance
	Project		Current	Total to	Positive
	Authorization	Prior Years	Year	Date	(Negative)
Revenues:					
Restricted intergovernmental:					
FEMA Grant	\$ 89,000	\$ 89,000	\$ -	\$ 89,000	\$ -
NC Commerce Grant	244,310	244,310	-	244,310	-
Total Revenues	<u>333,310</u>	<u>333,310</u>	<u>-</u>	<u>333,310</u>	<u>-</u>
Expenditures:					
Construction	186,100	234,172	-	234,172	(48,072)
Technical	68,400	73,121	-	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>322,849</u>	<u>-</u>	<u>322,849</u>	<u>10,461</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 10,461</u>	<u>-</u>	<u>\$ 10,461</u>	<u>\$ 10,461</u>
Fund Balance, beginning			10,461		
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, 2022**

		Actual			Variance
	Project		Current	Total to	Positive
	Authorization	Prior Years	Year	Date	(Negative)
Revenues:					
Restricted intergovernmental:					
DEQ Grant	\$ 325,710	\$ -	\$ 286,807	\$ 286,807	\$ (38,903)
Total Revenues	<u>325,710</u>	<u>-</u>	<u>286,807</u>	<u>286,807</u>	<u>(38,903)</u>
Expenditures:					
Construction	384,010	155,716	347,508	503,224	(119,214)
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	9,140	1,500	10,640	(640)
Construction Observation & Administration	55,960	53,732	13,284	67,016	(11,056)
Total Expenditures	<u>651,420</u>	<u>283,538</u>	<u>362,292</u>	<u>645,830</u>	<u>5,590</u>
Other Financing Sources (Uses):					
DEQ loan proceeds	<u>325,710</u>	<u>353,420</u>	<u>-</u>	<u>353,420</u>	<u>27,710</u>
Total other financing sources (uses):	<u>325,710</u>	<u>353,420</u>	<u>-</u>	<u>353,420</u>	<u>27,710</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 69,882</u>	<u>(75,485)</u>	<u>\$ (5,603)</u>	<u>\$ (5,603)</u>
Fund Balance, beginning			69,882		
Fund Balance, ending			<u>\$ (5,603)</u>		

**Town of Snow Hill, North Carolina**  
**Water System AIA Capital Project Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

		Actual			Variance
	Project		Current	Total to	Positive
	Authorization	Prior Years	Year	Date	(Negative)
Revenues:					
Restricted intergovernmental:					
DEQA Grant	\$ 150,000	\$ 144,465	\$ 10,575	\$ 155,040	\$ 5,040
Total Revenues	<u>150,000</u>	<u>144,465</u>	<u>10,575</u>	<u>155,040</u>	<u>5,040</u>
Expenditures:					
Engineering Design	162,000	162,000	-	162,000	-
Loan Administration	750	750	-	750	-
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)	10,575	(7,710)	5,040
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>	10,575	<u>\$ 5,040</u>	<u>\$ 5,040</u>
Fund Balance, beginning			(5,535)		
Fund Balance, ending			<u>\$ 5,040</u>		

**Town of Snow Hill, North Carolina**  
**Water System AIA Capital Project Fund**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

		Actual			Variance
	Project		Current	Total to	Positive
	Authorization	Prior Years	Year	Date	(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	134,303	-	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>136,803</u>	<u>-</u>	<u>136,803</u>	<u>25,947</u>
Revenues Over (Under) Expenditures	(12,750)	(3,952)	-	(3,952)	8,798
Other Financing Sources (Uses):					
Transfers	<u>12,750</u>	<u>-</u>	<u>3,952</u>	<u>3,952</u>	<u>(8,798)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (3,952)</u>	3,952	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning			(3,952)		
Fund Balance, ending			<u>\$ -</u>		

## OTHER SCHEDULES

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This section includes additional information on property taxes, transfers, and cash and investments.

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

**Town of Snow Hill, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2022**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 441,929	\$ 439,746	\$ 2,183
2020-2021	11,936	-	2,972	8,964
2019-2020	6,485	-	503	5,982
2018-2019	4,809	-	651	4,158
2017-2018	4,695	-	500	4,195
2016-2017	3,137	-	715	2,422
2015-2016	1,757	-	79	1,678
2014-2015	1,237	-	-	1,237
2013-2014	790	-	-	790
2012-2013	788	-	-	788
2011-2012	734	-	734	-
	<u>\$ 36,368</u>	<u>\$ 441,929</u>	<u>\$ 445,900</u>	<u>32,397</u>
Ad valorem taxes receivable - net				<u>\$ 32,397</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 439,762
Reconciling items:				
Interest and penalties collected				(1,212)
Releases and other adjustments				7,350
Total collections and credits				<u>\$ 445,900</u>



**Town of Snow Hill, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2022**

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current rate:					
General tax	\$ 129,979,118	0.34	\$ 441,929	\$ 376,920	\$ 65,009
Total	<u>129,979,118</u>		<u>441,929</u>	<u>376,920</u>	<u>65,009</u>
Net levy			441,929	376,920	65,009
Uncollected taxes at June 30, 2022			<u>2,183</u>	<u>2,183</u>	<u>-</u>
Current year's taxes collected			<u>\$ 439,746</u>	<u>\$ 374,737</u>	<u>\$ 65,009</u>
Current levy collection percentage			<u>99.51%</u>	<u>99.42%</u>	<u>100.00%</u>

## COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 103  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
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## **Independent Auditor's Report**

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

### **Report on the Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and 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, 2022, and the related notes to the financial statements, which collectively comprise Town of Snow Hill's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying 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 aggregate remaining fund information of Town of Snow Hill as of June 30, 2022, and the respective changes in financial position, and cash flows 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Snow Hill and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Audit of 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; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Snow Hill's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that , individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Snow Hill's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Snow Hill's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Snow Hill's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, 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 21, 2022, 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 that 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 the effectiveness of Town of Snow Hill's 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 Town of Snow Hill's internal control over financial reporting and compliance.

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

*Wilmington, North Carolina*

*November 21, 2022*

Town of Snow Hill, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2022

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**Section I.      Summary of Auditor's Results**

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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, 2022

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**Section II – Financial Statement Findings**

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**SIGNIFICANT DEFICIENCY**

Finding: 2022-001 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, 2021-001.

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, 2022

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**Section II – Financial Statement Findings**

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SIGNIFICANT DEFICIENCY

Finding: 2022 – 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, 2022

Finding:	2021 – 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.