

**Town of Mocksville  
Mocksville, North Carolina  
For the year ended  
June 30, 2021**

**Independent Auditor's Reports  
Basic Financial Statements  
And  
Information Accompanying the  
Basic Financial Statements**

**Town of Mocksville**

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**June 30, 2021**

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# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

To Honorable Mayor  
And Members of the Town Council  
Town of Mocksville, North Carolina

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mocksville - Cooleemee ABC Board. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mocksville - Cooleemee ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Mocksville - Cooleemee ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 12, the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits

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Schedules of Funding Progress and Employer Contributions, on pages 52-53, respectively, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on page 54, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mocksville, North Carolina's basic financial statements. The combining and individual fund schedules, budgetary schedules, other schedules, and the accompanying schedule of expenditures of Federal and State awards as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund schedules, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, and the procedures performed as describe above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the Town of Mocksville, North Carolina'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 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 the Town of Mocksville, North Carolina's internal control over financial reporting and compliance.

### **Emphasis of Matter**

As discussed in Note V to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Eddie Carrick CPA, PC



Lexington, North Carolina  
November 10, 2021

# Town of Mocksville

WILLIAM J. MARKLIN, III  
Mayor

KEN GAMBLE  
Town Manager



INCORPORATED 1839  
171 S. CLEMENT STREET  
MOCKSVILLE, NC 27028

Commissioners:  
ROB TAYLOR, Mayor Pro Tem  
JUSTIN DRAUGHN  
ERIC SOUTHERN  
AMY VAUGHAN-JONES  
BRIAN WILLIAMS

## Management's Discussion and Analysis

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

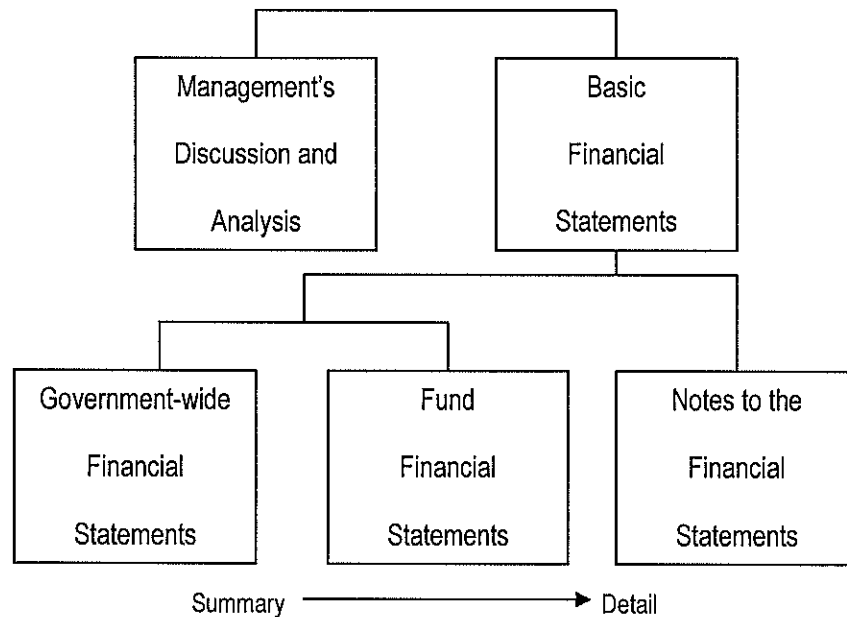
### Financial highlights

- The assets and deferred outflows of resources of the Town of Mocksville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,916,315 (*net position*).
- The government's total net position increased by \$183,709, primarily due to increases in governmental and proprietary type activities.
- As of the close of the current fiscal year, the Town of Mocksville's governmental funds reported combined ending fund balances of \$7,791,806 with a net increase of \$430,063 in fund balance. Approximately 39% of this total amount, or \$3,038,119, is restricted or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,753,688 or 84% of total general fund expenditures for the fiscal year.
- The Town of Mocksville's total debt increased by \$3,000,540 due to a decrease in accrued vacation of \$93,674, recognition of an increase in other post-employment benefits of \$664,037, an increase law officers' separation allowance of \$110,622, increase in pension liability of \$271,138, proceeds from long-term borrowing of \$2,311,970 and payments on long-term borrowing of \$263,553.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Town of Mocksville'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 Mocksville.

**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 (Exhibit 3 through 9) 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 fund 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 details about the Town's individual funds. Budgetary information required by the General Statutes also can 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as safety and security, transportation and administration. Property tax and state shared revenues finance 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. The final category is the component units. Although legally separate from the Town, the Tourism Development Authority and ABC Board are important to the Town. The Town exercises control over the Boards by appointing its members.

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 group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mocksville, 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 General Statutes or the Town's budget ordinance. All of the funds of the Town of Mocksville can be divided into two categories: governmental funds and proprietary funds.

**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 determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

Management Discussion and Analysis  
Town of Mocksville

The Town of Mocksville adopts an annual budget for the 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 the 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 in 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 differences or variance between the final budget and actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary funds** – The Town of Mocksville has one type of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activity. This fund is the same as the functions shown in the business-type activities in the Statement of Net position and Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information detailing the information provided in the basic financial statements and is presented to allow the reader to gain an in-depth understanding of the financial information presented.

**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 government and other holders of publicly held U.S. Treasury Securities.

Management Discussion and Analysis  
Town of Mocksville

Town of Mocksville's Net Position (Figure 2)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 6,422,326	\$ 5,951,278	\$ 1,473,985	\$ 1,106,870	\$ 7,896,311	\$ 7,058,148
Capital and noncurrent assets	8,271,451	7,910,153	17,441,285	16,219,259	25,712,737	24,129,412
Deferred outflows of resources	1,303,102	632,917	150,341	77,894	1,453,443	710,811
Total assets and deferred outflows	15,996,879	14,494,348	19,065,611	17,404,023	35,062,490	31,898,371
Long-term liabilities	3,641,352	2,105,122	5,138,449	3,653,140	8,779,801	5,758,262
Current liabilities	126,322	310,335	260,279	131,288	386,601	441,623
Deferred inflows of resources	868,892	835,446	110,883	130,435	979,775	-
Total liabilities and deferred inflows	4,636,566	3,250,903	5,509,611	3,914,863	10,146,177	7,165,766
Net position						
Net investment in capital assets	5,559,439	5,897,367	14,222,890	14,410,023	19,782,329	20,307,390
Restricted	2,916,970	2,502,776	-	-	2,916,970	2,502,776
Unrestricted	2,883,904	2,843,302	(666,887)	(920,862)	2,217,018	1,922,440
Total net position	\$ 11,360,312	\$ 11,243,445	\$ 13,556,005	\$ 13,489,161	\$ 24,916,315	\$ 24,732,606

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 resources of the Town exceeded liabilities and deferred inflows by \$24,916,315 as of June 30, 2021. The Town's net position increased by \$183,709 for the fiscal year ended June 30, 2021. However, the largest portion (79%) reflects the Town's net investment in capital assets (road improvements, equipment, machinery, utility plant). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$2,916,970 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,217,018 is unrestricted.

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

- Conservative spending by management.
- Economic incentives given to local industries.
- One time expenditures in certain departments.
- Overall prior maintenance of fixed assets.
- New and ongoing capital projects

Management Discussion and Analysis  
Town of Mocksville

Town of Mocksville's Changes in Net Position (Figure 3)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 210,519	\$ 186,037	\$ 3,087,256	\$ 2,911,102	\$ 3,297,775	\$ 3,097,139
Operating Grants and contributions	672,700	616,092	-	-	672,700	616,092
Capital Grants and contributions	25,625	-	302,471	-	328,096	-
General revenues:						
Property taxes	2,835,888	3,030,240	-	-	2,835,888	3,030,240
Other taxes	1,426,382	1,319,122	-	-	1,426,382	1,319,122
Other	674,340	613,509	5,037	13,546	679,377	627,055
Total revenues	5,845,454	5,765,000	3,394,764	2,924,648	9,240,218	8,689,648
Expenses:						
General government	1,784,075	1,740,498	-	-	1,784,075	1,740,498
Economic development	223,820	229,417	-	-	223,820	229,417
Public safety	2,501,680	2,544,782	-	-	2,501,680	2,544,782
Transportation	715,992	720,135	-	-	715,992	720,135
Environmental protection	304,260	283,129	-	-	304,260	283,129
Cultural and recreational	185,517	145,423	-	-	185,517	145,423
Interest on long-term debt	13,243	7,305	-	-	13,243	7,305
Water and sewer	-	-	3,327,921	3,330,153	3,327,921	3,330,153
Total expenses	5,728,588	5,670,689	3,327,921	3,330,153	9,056,508	9,000,842
Increase in net assets before transfers and contributions	116,866	94,310	66,844	(405,505)	183,709	(311,195)
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	116,866	94,310	66,844	(405,505)	183,709	(311,195)
Net position, July 1	11,243,445	11,149,135	13,489,161	13,894,666	24,732,606	25,043,801
Net position, June 30	\$ 11,360,312	\$ 11,243,445	\$ 13,556,005	\$ 13,489,161	\$ 24,916,315	\$ 24,732,606

**Governmental activities.** Governmental activities increased the Town's net position by \$116,866, thereby accounting for 64% of the total increase in net position of the Town. The increase in net position was the result of a concerted effort to control costs and manage expenditures. Management believes healthy investment in the Town will result in additional revenues, and in that vein added to the Town's net position by investing in capital assets. Increased efforts to maximize tax collections also contributed to the favorable net position. Tax revenue did not appreciably decline in the current year. Town management acknowledges that 2021 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Management Discussion and Analysis  
Town of Mocksville

Key elements of this increase are as follows:

- Tax revenues remained steady.
- Town Council has adopted a conservative approach to general fund spending.
- Large economic incentives to new industries.
- Use of grants for capital expenditures.

**Business-type activities:** Business-type activities increased the Town's net position by \$66,844 accounting for 36% of the total increase in the government's net position. Key elements of this increase are as follows:

- A conservative approach to spending.
- An increase in operating revenues.

### Financial Analysis of the Town's Funds

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

**Governmental Funds.** The focus of the Town'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's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Mocksville's fund balance available in the General Fund was \$4,753,688, while total fund balance reached \$7,791,806. The Town currently has an available fund balance of 84% of general fund expenditures, while total fund balance represents 138% of the same amount.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$7,791,806 with a net increase in fund balance of \$430,063. Included in this change in fund balance are increases in the General Fund of \$430,063.

**General Fund Budgetary Highlights:** During the fiscal year, the Town made several revisions to the budget. 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.

There were several reasons the Town revised its budget throughout the year. Although expenditures were held in check overall to comply with its budgetary requirements, the Town did amend the budget in the General Fund in several departments to account for unexpected expenditures.

Management Discussion and Analysis  
Town of Mocksville

**Proprietary Funds:** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position in the Water and Sewer Fund at the end of the fiscal year amounted to (\$666,887). The total increase in net position was \$66,844. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$23,681,704 (net of accumulated depreciation). These assets include buildings, roads, machinery and equipment.

Major capital asset transactions during the year included the following additions:

- Vehicles and equipment \$452,202
- Water and sewer improvements and equipment \$351,278
- Water and sewer projects construction in progress \$1,560,276

	<i>Activities</i>		<i>Activities</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 627,526	\$ 627,526	\$ 46,446	\$ 46,446	\$ 673,972	\$ 673,972
Construction in progress	-	-	3,889,236	2,328,960	3,889,236	2,328,960
Road improvements	1,770,434	1,853,771	-	-	1,770,434	1,853,771
Economic development	1,082,309	1,141,829	-	-	1,082,309	1,141,829
Buildings	1,421,537	1,484,139	-	-	1,421,537	1,484,139
Vehicles	807,638	779,863	-	-	807,638	779,863
Equipment	530,975	483,459	431,868	441,228	962,843	924,687
Plant and distribution	-	-	13,073,735	13,402,625	13,073,735	13,402,625
	<u>\$ 6,240,419</u>	<u>\$ 6,370,587</u>	<u>\$ 17,441,285</u>	<u>\$ 16,219,259</u>	<u>\$ 23,681,704</u>	<u>\$ 22,589,846</u>

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial statements.

Management Discussion and Analysis  
Town of Mocksville

**Long-term Debt.**

The Town of Mocksville's total debt increased by \$3,000,540 due to a decrease in accrued vacation of \$93,674, recognition of an increase in other post-employment benefits of \$664,037, an increase law officers' separation allowance of \$110,622, increase in pension liability of \$271,138, proceeds from long-term borrowing of \$2,311,970 and payments on long-term borrowing of \$263,553.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of property located within that government's boundaries. The legal debt margin for the Town is \$80,921,076.

Additional information regarding the Town's long-term debt can be found in Note III.B.5 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the Town.

- New commercial, industrial and retail development
- Commercial and major industrial constructions or expansions
- Planning and zoning practices
- Established infrastructure and utilities upgrades
- Positive Ad Valorem Property Tax re-evaluations

**Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities:**

The 2021-2022 budget includes prioritizing capital needs for each department and maintaining a competitive tax rate as high priority issues. In addition the following budgetary issues were highlighted:

- Street Paving
- Shop Roof and Service Truck for Parks and Grounds
- Utility Truck for Fire Department
- Wayfinding Signs, Benches and Planters for Downtown Beautification
- Bulk Sodium Hydroxide Tank for Dutchman's Creek WWTP
- WWTP Maintenance
- North Elevated Water Tank Design
- Water Line Replacement Program
- Infrastructure Grant for Water and Wastewater System Improvements

The Town continues to take an aggressive approach toward the use of grant funding where available to supplement revenues.

The Town has embarked on some major projects, and has chosen to appropriate zero fund balance in the fiscal year 2021-2022 budget. Management believes that increased revenues and future restrictions on spending will maintain the Town's financial position. Large capital expenditures in current year will have little ongoing operating impacts on the upcoming budgets.

Management Discussion and Analysis  
Town of Mocksville

**Governmental Activities: (continued)**

The Town may need additional revenue in future years. As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$100,090 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

**Business-type Activities:**

The major highlights of the 2021-2022 budget for the water and sewer fund will include; the relationship/agreements with Willis Engineers, major construction and mandated rehabilitation and contracted wastewater services with Envirolink, Inc. Emphasis on improved maintenance of vehicles and equipment should provide for long term savings. Water and sewer rates increased by 8% for the upcoming year, and will continue to be analyzed and changed to maintain adequate services.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Mocksville, 171 Clement Street, Mocksville, NC 27028.

**Town of Mocksville, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Town of Mocksville Tourism Development Authority	Mocksville- Coolesme ABC Board
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and investments - unrestricted	\$ 5,001,158	\$ 640,606	\$ 5,641,765	\$ -	\$ 312,040
Property taxes receivable (net)	68,570	-	68,570	-	-
Internal balances	50,000	(50,000)	-	-	-
Accounts receivable (net) and prepaids	252,584	422,718	675,302	8,955	21,479
Accounts receivable - projects	-	275,047	275,047	-	-
Inventory	-	70,409	70,409	-	402,061
Long-term receivable - current	50,000	-	50,000	-	-
Cash and investments - restricted	1,000,014	115,204	1,115,218	162,367	-
	<u>6,422,328</u>	<u>1,473,965</u>	<u>7,896,311</u>	<u>171,322</u>	<u>735,580</u>
<b>Non-current assets:</b>					
Long-term receivable	416,659	-	416,659	-	-
Advance from other funds - noncurrent	1,614,373	-	1,614,373	-	-
<b>Capital assets (Note IIIA4):</b>					
Land and CWIP not being depreciated	627,526	3,935,683	4,563,209	-	-
Other capital assets, net of depreciation	5,612,893	13,505,603	19,118,496	-	188,720
Total capital assets	<u>6,240,419</u>	<u>17,441,285</u>	<u>23,681,704</u>	<u>-</u>	<u>188,720</u>
Total noncurrent assets	<u>8,271,451</u>	<u>17,441,285</u>	<u>25,712,737</u>	<u>-</u>	<u>188,720</u>
Total assets	<u>14,693,777</u>	<u>18,915,271</u>	<u>33,609,048</u>	<u>171,322</u>	<u>924,300</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
LGERS	554,156	82,115	636,271	-	69,632
OPEB	412,376	68,226	480,602	-	-
LEO	336,570	-	336,570	-	-
Total deferred outflows of resources	<u>1,303,102</u>	<u>150,341</u>	<u>1,453,443</u>	<u>-</u>	<u>69,632</u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	126,322	126,939	253,261	-	263,821
Accounts payable - capital projects	-	18,136	18,136	-	-
Current maturities on long-term debt	346,011	181,500	527,511	-	35,042
Customer deposits	-	115,204	115,204	-	-
<b>Long-term liabilities:</b>					
Advance to other funds - noncurrent	-	1,614,373	1,614,373	-	-
Long-term debt - ABC Board	-	-	-	-	307,946
Long-term debt - SRF	-	3,036,895	3,036,895	-	-
USDA REDLG	850,000	-	850,000	-	-
BB&T Fire truck	116,489	-	116,489	-	-
Police vehicle lease	218,480	-	218,480	-	-
OPEB liability	624,319	135,242	759,561	-	-
Law Enforcement Officers' Separation Allowance	467,329	-	467,329	-	-
Pension liability	971,334	143,932	1,115,266	-	-
Accrued vacation	47,390	26,504	73,894	-	-
Total liabilities	<u>3,767,674</u>	<u>5,398,725</u>	<u>9,166,400</u>	<u>-</u>	<u>606,809</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB	693,893	109,947	803,840	-	-
LEO	168,684	-	168,684	-	-
LGERS	6,315	936	7,251	-	-
Total deferred inflows of resources	<u>868,892</u>	<u>110,883</u>	<u>979,775</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	5,559,439	14,222,890	19,782,329	-	46,891
<b>Restricted for:</b>					
Working capital	-	-	-	-	103,864
Stabilization by State Statute	1,916,956	-	1,916,956	8,955	-
Streets	14	-	14	-	-
USDA REDLG	1,000,000	-	1,000,000	-	-
Tourism Development	-	-	-	162,367	-
Unrestricted	<u>2,883,904</u>	<u>(666,887)</u>	<u>2,217,018</u>	<u>-</u>	<u>236,368</u>
Total net position	<u>\$ 11,360,312</u>	<u>\$ 13,556,005</u>	<u>\$ 24,916,315</u>	<u>\$ 171,322</u>	<u>\$ 387,123</u>

The accompanying notes are an integral part of the financial statements

**Town of Mocksville, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

**Exhibit 2**

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Mocksville Tourism Development Authority	Mocksville - Cooleemee ABC Board
					Governmental Activities	Business-type Activities	Total		
<b>Governmental activities:</b>									
General government	\$ 1,784,075	\$ -	\$ -	\$ -	\$ (1,784,075)	\$ -	\$ (1,784,075)	\$ -	\$ -
Economic development	223,820	-	5	25,625	(198,190)	-	(198,190)	-	-
Public safety	2,501,680	970	523,500	-	(1,977,210)	-	(1,977,210)	-	-
Transportation	715,992	-	149,195	-	(566,797)	-	(566,797)	-	-
Environmental protection	304,260	197,153	-	-	(107,107)	-	(107,107)	-	-
Cultural and recreational	185,517	12,396	-	-	(173,121)	-	(173,121)	-	-
Interest on long-term debt	13,243	-	-	-	(13,243)	-	(13,243)	-	-
Tourism development	-	-	-	-	-	-	-	(42,959)	-
<b>Total governmental activities</b>	<b>5,728,588</b>	<b>210,519</b>	<b>672,700</b>	<b>25,625</b>	<b>(4,819,744)</b>	<b>-</b>	<b>(4,819,744)</b>	<b>(42,959)</b>	<b>-</b>
<b>Business-type activities:</b>									
ABC Board	2,792,065	2,887,599	-	-	-	-	-	-	138,966
Water and sewer	3,327,921	3,087,256	-	-	-	(240,665)	(240,665)	-	-
<b>Total business activities</b>	<b>6,119,986</b>	<b>5,974,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(240,665)</b>	<b>(240,665)</b>	<b>-</b>	<b>138,966</b>
<b>Total government</b>	<b>\$ 11,848,574</b>	<b>\$ 6,185,374</b>	<b>\$ 672,700</b>	<b>\$ 25,625</b>	<b>(4,819,744)</b>	<b>(240,665)</b>	<b>(5,060,409)</b>	<b>(42,959)</b>	<b>138,966</b>
<b>General revenues:</b>									
<b>Taxes:</b>									
Property taxes levied for general purposes					2,835,888	-	2,835,888	-	-
Other taxes					1,424,916	-	1,424,916	45,806	-
Unrestricted investment earnings					1,466	152	1,617	-	-
Other unrestricted revenues					674,340	4,885	679,225	5,105	-
Grants					-	302,471	-	-	-
<b>Total general government revenues and transfers</b>					<b>4,936,610</b>	<b>307,509</b>	<b>5,244,118</b>	<b>50,911</b>	<b>-</b>
Change in net position					116,866	66,844	183,709	7,952	138,966
Net position, beginning					11,243,445	13,489,161	24,732,606	163,370	248,157
<b>Net position, ending</b>					<b>\$ 11,360,312</b>	<b>\$ 13,556,005</b>	<b>\$ 24,916,315</b>	<b>\$ 171,322</b>	<b>\$ 387,123</b>

The accompanying notes are an integral part of the financial statements

**Town of Mocksville, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<u>Major</u>	<u>Non-major</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental</u>
<b>ASSETS</b>			
Cash and investments -- unrestricted	\$ 5,001,158	\$ -	\$ 5,001,158
Cash and investments -- restricted	1,000,014	-	1,000,014
Due from other funds - current portion	50,000	-	50,000
Property taxes receivable (net)	68,570	-	68,570
Accounts receivable (net)	252,584	-	252,584
	<u>6,372,326</u>	<u>-</u>	<u>6,372,326</u>
Advance from other funds - long-term portion	1,614,373	-	1,614,373
	<u>1,614,373</u>	<u>-</u>	<u>1,614,373</u>
Total assets	<u>\$ 7,986,699</u>	<u>\$ -</u>	<u>\$ 7,986,699</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 126,322	\$ -	\$ 126,322
Total liabilities	<u>126,322</u>	<u>-</u>	<u>126,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	68,570	-	68,570
Total deferred inflows of resources	<u>68,570</u>	<u>-</u>	<u>68,570</u>
<b>Fund balances:</b>			
Restricted:			
Stabilization by State Statute	1,916,956	-	1,916,956
Streets	14	-	14
USDA REDLG	1,000,000	-	1,000,000
Assigned			
Subsequent years expenditures	-	-	-
Fire truck reserve	121,149	-	121,149
Unassigned	4,753,688	-	4,753,688
Total fund balances	<u>7,791,806</u>	<u>-</u>	<u>7,791,806</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 7,986,699</u>	<u>\$ -</u>	<u>\$ 7,986,699</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.	6,240,419
Deferred pension outflows	1,303,102
Long-term receivable	466,659
Earned revenues considered deferred inflows of resources in fund statements.	68,570
Some liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the net position of the governmental activities:	
Deferred inflows of resources related to pensions are not reported in the funds	(868,892)
LGERS pension liability	(971,334)
LEO separation allowance	(467,329)
OPEB liability	(624,319)
Long-term debt	(1,530,980)
Accrued vacation	(47,390)
Net position of the governmental activities	<u>\$ 11,360,312</u>

The accompanying notes are an integral part of the financial statements

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

	<u>Major</u>	<u>Non-major</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental</u>
<b>Revenues:</b>			
Ad Valorem taxes	\$ 2,833,304	\$ -	\$ 2,833,304
Other taxes and licenses	1,424,916	-	1,424,916
Unrestricted intergovernmental revenues	547,632	-	547,632
Restricted intergovernmental revenues	672,700	25,624	698,325
Permits and fees	970	-	970
Sales and services	332,346	-	332,346
Investment earnings	1,466	-	1,466
Other revenues	3,910	-	3,910
	<u>5,817,245</u>	<u>25,624</u>	<u>5,842,870</u>
<b>Expenditures:</b>			
General government	1,524,472	-	1,524,472
Economic development	198,196	25,624	223,820
Public safety	2,522,370	-	2,522,370
Transportation	582,065	-	582,065
Environmental protection	304,260	-	304,260
Cultural and recreational	233,675	-	233,675
Debt service	276,796	-	276,796
	<u>5,641,835</u>	<u>25,624</u>	<u>5,667,459</u>
Excess of revenues and other sources over expenditures and other uses	<u>175,410</u>	<u>-</u>	<u>175,410</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from loans	721,311	-	721,311
Payments from Davie County - RDLG	33,341	-	33,341
Disbursements to Davie County - RDLG	(500,000)	-	(500,000)
	<u>254,653</u>	<u>-</u>	<u>254,653</u>
Net change in fund balance	430,063		430,063
<b>Fund Balances</b>			
<b>Beginning of year, July 1</b>	<u>7,361,743</u>	<u>-</u>	<u>7,361,743</u>
<b>End of year, June 30</b>	<u>\$ 7,791,806</u>	<u>\$ -</u>	<u>\$ 7,791,806</u>

The accompanying notes are an integral part of the financial statements

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

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds		\$ 430,063
<p>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 for the current period.</p>		
Capital outlay	\$ 400,989	
Depreciation	<u>(531,156)</u>	(130,167)
<p>Change in pension expense</p>		
Change in deferred outflows	78,441	
(Increase) decrease in pension liability	(245,291)	
Change in deferred inflows	<u>(662)</u>	(167,512)
<p>Change in OPEB expense</p>		
Change in deferred outflows	409,164	
(Increase) decrease in OPEB liability	(569,762)	
Change in deferred inflows	<u>118,267</u>	(42,331)
<p>Change in Law Enforcement Separation Allowance expense</p>		
Change in deferred outflows	182,580	
(Increase) decrease in liability	(110,622)	
Change in deferred inflows	<u>(151,052)</u>	(79,094)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Loan proceeds	(721,311)	
Payments from Davie County - RDLG	<u>(33,341)</u>	(754,653)
Change in unavailable revenue for tax revenues		2,584
<p>Some of the 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.</p>		
Debt service payments		263,553
Disbursements to Davie County - RDLG		500,000
Compensated absences		<u>94,422</u>
Total changes in net position of governmental activities		<u>\$ 116,866</u>

The accompanying notes are an integral part of the financial statements

**Town of Mocksville, North Carolina**  
**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	Budget		Actual	Variance with
	Original	Final		Final budget
				Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem taxes	\$ 2,902,004	\$ 2,902,004	\$ 2,833,304	\$ (68,700)
Other taxes and licenses	1,295,000	1,295,000	1,424,916	129,916
Unrestricted intergovernmental revenues	510,000	540,000	547,632	7,632
Restricted intergovernmental revenues	701,100	701,100	672,700	(28,400)
Permits and fees	1,800	1,800	970	(830)
Sales and services	181,000	181,000	332,346	151,346
Investment earnings	30,500	30,500	1,466	(29,034)
Other revenues	11,400	11,400	3,910	(7,490)
	<u>5,632,804</u>	<u>5,662,804</u>	<u>5,817,245</u>	<u>154,441</u>
<b>Other financing sources:</b>				
Proceeds from loans	-	-	721,311	721,311
Payments from Davie County - RDLG	-	-	33,341	33,341
Appropriated fund balance	250,000	933,000	-	(933,000)
Total revenues and other sources	<u>5,882,804</u>	<u>6,595,804</u>	<u>6,571,898</u>	<u>(23,906)</u>
<b>Expenditures:</b>				
General government	1,583,624	1,693,624	1,524,472	169,152
Economic development	198,240	198,240	198,196	44
Public safety	2,525,860	2,625,860	2,522,370	103,490
Transportation	752,200	752,200	582,065	170,135
Environmental protection	309,680	312,680	304,260	8,420
Cultural and recreational	236,000	236,000	233,675	2,325
Debt service	277,200	277,200	276,796	404
	<u>5,882,804</u>	<u>6,095,804</u>	<u>5,641,835</u>	<u>453,969</u>
<b>Other Financing Uses:</b>				
Disbursements to Davie County - RDLG	-	500,000	500,000	-
	-	500,000	500,000	-
Total Expenditures and Other Uses	<u>5,882,804</u>	<u>6,595,804</u>	<u>6,141,835</u>	<u>453,969</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	430,063	<u>\$ 430,063</u>
<b>Fund Balances</b>				
Beginning of year, July 1			<u>7,361,743</u>	
End of year, June 30			<u>\$ 7,791,806</u>	

The accompanying notes are an integral part of the financial statements

**Town of Mocksville, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments - unrestricted	\$ 640,606
Cash and investments - restricted	115,204
Accounts receivable (net)	422,718
Accounts receivable - projects	275,047
Inventory	70,409
Total current assets:	1,523,985
Non-current assets:	
Capital assets:	
Land and construction in progress	3,935,683
Other capital assets, net of depreciation	13,505,603
Total non-current assets:	17,441,285
Total assets	18,965,271
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	82,115
OPEB deferrals	68,226
	150,341
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	126,939
Accounts payable - capital projects	18,136
Due to other funds - current	50,000
Long-term debt - current	181,500
Liabilities payable from restricted assets:	
Customer deposits	115,204
Non-current liabilities:	
Advance to other funds - noncurrent	1,614,373
Accrued vacation	26,504
Long-term debt - SRF	3,036,895
Pension liability	143,932
OPEB obligation	135,242
Total non-current liabilities	4,956,946
Total liabilities	5,448,725
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	936
OPEB deferrals	109,947
	110,883
<b>NET POSITION</b>	
Net investment in capital assets	14,222,890
Restricted for other uses	-
Unrestricted	(666,887)
Total net position	\$ 13,556,005

The accompanying notes are an integral part of the financial statements

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

	<b>Water and Sewer Fund</b>
<b>Operating revenues:</b>	
Utility charges, taps and connection fees	\$ 3,056,920
Other operating income	30,336
	3,087,256
<b>Operating expenses:</b>	
Water treatment and distribution	952,238
Waste collection and treatment	1,569,031
Depreciation	765,111
	3,286,381
 <b>Operating income</b>	 (199,125)
 <b>Nonoperating revenue (expense):</b>	
Interest income	152
Sale of assets	-
Interest on long-term debt	(41,540)
Rental income	6,800
Sales tax refund	(1,915)
Total nonoperating revenue (expense)	(36,503)
 <b>Income before contributions and transfers</b>	 (235,628)
 Grants - capital project	 300,341
Grants - other	2,131
	66,844
<b>Change in net position</b>	<b>66,844</b>
 <b>Total net position - July 1</b>	 13,489,161
 <b>Total net position - June 30</b>	 \$ 13,556,005

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

	<b>Water and Sewer Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 2,952,875
Cash payment to suppliers of goods and services	(2,047,894)
Cash payment to employees and benefits	(459,559)
<b>Net Cash Provided By Operating Activities</b>	<b>445,422</b>
<b>Cash flows from noncapital financial activities:</b>	
Other income	4,885
Increase in interfund payable	74,807
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>79,692</b>
<b>Cash from capital and related financing activities:</b>	
Grants	302,472
Debt proceeds	1,315,612
Principal paid on debt	(181,500)
Interest paid on debt	(41,540)
Increase in construction in progress	(1,542,141)
Purchase of capital assets	(426,861)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(573,958)</b>
<b>Cash flows from investing activities:</b>	
Interest on investments	152
<b>Net Cash Provided by Investing Activities</b>	<b>152</b>
Net Increase (Decrease) In Cash	(48,692)
<b>Cash - Beginning of Year, July 1</b>	<b>804,504</b>
<b>Cash - End of Year, June 30</b>	<b>\$ 755,810</b>
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>	
Net Operating Income	\$ (199,125)
Depreciation	765,111
Changes in Current Assets and Liabilities:	
(Increase) decrease in accounts receivable	(130,055)
(Increase) decrease in inventory	(10,707)
(Increase) decrease in deferred outflows	-
Increase (decrease) in accounts payable	(4,349)
Increase (decrease) in accrued vacation	748
Increase (decrease) in OPEB	28,125
Increase (decrease) in customer deposits	(4,326)
	<b>\$ 445,422</b>
<b>Interest paid</b>	<b>\$ (41,540)</b>

**Town of Mocksville, North Carolina**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of or for the Year Ended June 30, 2021**

**Description of the Units**

The Town of Mocksville is located in Davie County, which is in the Piedmont area of North Carolina. The Town has a population of approximately 5,486 and covers approximately seven and one-half square miles. The Town provides water and sewer services to its residents.

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town and its discretely presented component units 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 Mocksville is a municipal corporation governed by an elected mayor and council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities for which the Town is financially accountable. The discretely presented component units presented below is reported in a separate column in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Town of Mocksville Tourism Development Authority

The Town of Mocksville Tourism Development Authority (TDA) was established December 1, 2010 for the purpose of collecting a 3% occupancy tax to be used for the promotion of tourism in Mocksville. The members of the Tourism Development Authority's governing board are appointed by the Town. The Tourism Development Authority, which has a June 30 year-end, is presented as a discretely presented component units. Information concerning the Tourism Development Authority can be obtained by contacting the Finance Officer, Town of Mocksville, Mocksville, NC.

As of June 30, 2021, the Town of Mocksville held receipts of \$8,955 at June 30, 2021.

Mocksville – Cooleemee ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at the Mocksville - Cooleemee ABC Board, Town of Mocksville, North Carolina.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display the information about the government. These statements include the activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The 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 part by fees charged to external parties.

## **Notes to the Financial Statements (continued)**

### **B. Basis of Presentation (continued)**

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 and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental 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 the same values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in other funds. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for streets and general government services.

The Town reports the following non-major governmental funds:

**Building Reuse Capital Project Fund.** This fund is used to account for the revenue and expenditures of the Town's Rural Economic Rural Grants Building Reuse Project.

The Town reports the following major enterprise funds:

#### **Water and Sewer Fund**

The Town maintains an Enterprise Fund, the Water and Sewer Fund, to account for its water and sewer services. This fund is financed and operated in the same manner as a private business enterprise.

It is the intent of the governing body that costs (expenses, including depreciation) of providing these services to the public on a continuing basis be financed or recovered primarily through user charges. Therefore, periodic accounting is necessary for determination of net income and rate control.

The Town reports construction of proprietary assets in the Water and Sewer Capital Project.

**Dutchman's Creek WWTP Renovations Capital Project Fund.** This fund is used to account for the renovations made to the Town's Dutchman's Creek waste water treatment plant.

## ***Notes to the Financial Statements (continued)***

### ***B. Basis of Presentation (continued)***

***Knight/Breakbush Brothers, Inc. Capital Project Fund.*** This fund is used to account for water and sewer improvements for economic development purposes.

***Blowfish/Special Event Services, Inc. Capital Project Fund.*** This fund is used to account for sewer improvements for economic development purposes.

### ***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 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 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, includes 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

***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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

The Town considers all revenue 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

## ***Notes to the Financial Statements (continued)***

### ***C. Measurement Focus and Basis of Accounting (continued)***

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 beer and wine 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 because the tax is levied by Davie 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 Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The Town does not have a current policy which allows for departmental transfers without council approval.

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

#### ***1. Deposits and Investments***

All deposits of the Town, the Tourism Development Authority and ABC Board are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town, the Tourism Development Authority and ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town, the Tourism Development Authority and ABC Board 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, the Tourism Development Authority and ABC Board 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, the Tourism Development Authority and ABC Board'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. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**Notes to the Financial Statements (continued)**

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursements and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Tourism Development Authority and ABC Board considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

**3. Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it 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. Also, a restricted cash account has been established to provide for future payments to USDA for the REDLG economic loan.

Town of Mocksville Restricted Cash

<b>Governmental Activities</b>		
General Fund	Powell - streets	\$ 14
	USDA REDLG	<u>1,000,000</u>
Total governmental activities		<u>1,000,014</u>
<b>Business-type Activities</b>		
Water and Sewer Fund	Customer deposits	<u>115,204</u>
Total Business-type Activities		<u>115,204</u>
Total Restricted Cash		<u><u>\$1,115,218</u></u>

**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 July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. 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 account is estimated by analyzing the percentage of receivables that were written off in prior years.

**6. Inventories**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's enterprise funds consist of materials held for consumption. The costs of these inventories are recorded as an expense as the inventories are consumed.

## Notes to the Financial Statements (continued)

### 7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$2500 and an estimated useful life of more than two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The Town has recorded general infrastructure consisting of roads and improvements on a prospective basis beginning July 1, 2003 as allowed by GASB Statement 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Life</u>
Automobiles and light trucks	5-10 years
Road improvements	10
Furniture, office and other equipment	10
Buildings	25

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Life - Years</u>
Buildings	31.5
Building improvements	10-15
Land improvements	15
Furniture and equipment	5-10

### 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 two items that meet this criterion, contributions made to the pension plan in the 2021 fiscal year and other deferred pension outflows. 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

### 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 statements of net position. Bond premiums and discounts, as well as issuance costs, 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 premium 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.

## **Notes to the Financial Statements (continued)**

### **9. Long-Term Obligations(continued)**

For governmental fund types, bond issuance costs are recognized during the current period. Bond proceeds are reported as other financing sources. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

### **10. Compensated Absences**

The vacation policy of the Town and ABC Board provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds and proprietary funds, and ABC Board an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has not recognized a current liability due to the immaterial nature of this liability.

The Town and ABC Board's sick leave policy provide 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 neither the Town nor the ABC Board has any obligation for the accumulation of 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 represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

#### 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*

## **Notes to the Financial Statements (continued)**

### **11. Net position / Fund Balances (continued)**

*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 the total unexpended Powell Bill funds.

*Restricted by USDA* – escrow required by USDA loan

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 Mocksville's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. 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 Mocksville intends to use for specific purposes. A portion is assigned for subsequent years expenditures not already restricted or committed. A portion is assigned for subsequent years expenditures associated with the purchase of a fire truck.

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

The Town of Mocksville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

### **12. Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The 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.

## **Notes to the Financial Statements (continued)**

### **II. Stewardship, Compliance, and Accountability**

**A. Significant Violations of Finance-Related Legal and Contractual Provisions** None were noted.

**B. Deficit in Fund Balance or Net position of Individual Funds** None were noted.

**C. Excess of Expenditures over Appropriations** None were noted.

### **III. Detail Notes on All Funds and Account Groups**

#### **A. Assets:**

##### **1. Deposits**

All the deposits of the Town, the Tourism Development Authority and ABC Board 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, the Tourism Development Authority's and ABC Board'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, the Tourism Development Authority and ABC Board, these deposits are considered to be held by the Town's, the Tourism Development Authority's and ABC Board's agents in their names. The amount of the pledged collateral is based on an approval 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, the Tourism Development Authority, ABC Board or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town, the Tourism Development Authority and ABC Board under the Pooling Method, the potential exists to undercollateralization, 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 provisions of GS 159-31 when designating official depositories and verifying that deposits are properly secured. The Tourism Development Authority and ABC Board have no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$2,072,697 and a bank balance of \$2,288,194. The bank balances of the Town were covered by \$250,000 of federal depository insurance. The remaining balance of deposits is collateralized under the Pooling Method as enumerated above. At June 30, 2021, the Town's petty cash fund totaled \$500.

At June 30, 2021, the TDA's deposits had a carrying amount of \$162,367 and a bank balance of \$168,867. The bank balances of the TDA are covered by up to \$250,000 of federal depository insurance.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$312,040 and a bank balance of \$362,128. The bank balances of the ABC Board are covered by up to \$250,000 of federal depository insurance. The remaining balance of deposits is collateralized under the Pooling Method as enumerated above.

**Notes to the Financial Statements (continued)**

**2. Investments**

At June 30, 2021, the Town had \$4,683,786 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**3. Receivable - Allowances for Doubtful Accounts**

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

<u>Fund</u>	<u>June 30, 2021</u>
Accounts receivable - Enterprise Fund	\$1,747

**4. Capital Assets**

**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 627,526	\$ -	\$ -	\$ 627,526
Improvements	-	-	-	-
CWIP	-	-	-	-
<b>Total capital assets not being depreciated:</b>	627,526	-	-	627,526
<b>Capital assets being depreciated:</b>				
Road improvements	4,091,622	-	-	4,091,622
Economic development	1,487,989	-	-	1,487,989
Buildings	3,141,067	24,370	-	3,165,437
Vehicles	3,163,752	221,310	-	3,385,062
Equipment	1,428,230	155,308	-	1,583,538
<b>Total capital assets being depreciated:</b>	13,312,660	400,988	-	13,713,648
<b>Less, accumulated depreciation for:</b>				
Road improvements	2,237,851	83,337	-	2,321,188
Economic development	346,160	59,520	-	405,680
Buildings	1,656,928	86,972	-	1,743,900
Vehicles	2,383,889	193,535	-	2,577,424
Equipment	944,769	107,792	-	1,052,561
<b>Total accumulated depreciation</b>	7,569,597	531,156	-	8,100,753
<b>Total assets being depreciated, net</b>	5,743,061			5,612,895
<b>Governmental activity capital assets, net</b>	\$ 6,370,587			\$ 6,240,419

**Notes to the Financial Statements (continued)**

**4. Capital Assets (continued)**

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

General government	\$188,383
Public safety	223,809
Transportation	<u>118,963</u>
	<u>\$531,156</u>

The following is a summary of fixed assets of the ABC Board at June 30, 2021:

	Useful Life	Cost	Accumulated Depreciation	Net
Land		\$ 30,000	\$ -	\$ 30,000
Land improvements	15 yrs	17,652	11,474	6,178
Buildings	31.5 yrs	119,945	118,650	1,295
Furniture/equipment	5-10 yrs	125,671	78,365	47,306
Building improvements	10-15 yrs	<u>144,602</u>	<u>40,661</u>	<u>103,941</u>
Totals		<u>\$ 437,870</u>	<u>\$ 249,150</u>	<u>\$ 188,720</u>

Depreciation expense for the year ended June 30, 2021 was \$29,857.

The following is a summary of fixed assets of the proprietary fund at June 30, 2021:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Water and sewer fund:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 46,446	\$ -	\$ -	\$ 46,446
Construction in progress	2,328,960	1,560,276	-	3,889,236
Total not being depreciated	<u>2,375,406</u>	<u>1,560,276</u>	<u>-</u>	<u>3,935,683</u>
<b>Capital assets being depreciated:</b>				
Equipment	2,180,723	75,584	-	2,256,307
Water plant and lines	9,976,893	214,091	-	10,190,984
Sewer plant and lines	17,055,222	137,187	-	17,192,409
Total capital assets being depreciated:	<u>29,212,838</u>	<u>426,862</u>	<u>-</u>	<u>29,639,700</u>
<b>Less, accumulated depreciation for:</b>				
Equipment	1,739,495	84,944	-	1,824,439
Water plant and lines	5,287,637	250,357	-	5,537,994
Sewer plant and lines	8,341,853	429,810	-	8,771,663
Total accumulated depreciation	<u>15,368,985</u>	<u>765,111</u>	<u>-</u>	<u>16,134,096</u>
<b>Total assets being depreciated, net</b>	<u>13,843,853</u>			<u>13,505,604</u>
<b>Business-type activity capital assets, net</b>	<u>\$ 16,219,259</u>			<u>\$ 17,441,285</u>

## ***Notes to the Financial Statements (continued)***

### ***B. Liabilities:***

#### ***1. Pension Plan Obligations:***

##### ***a. Local Governmental Employees' Retirement System***

*Plan Description.* The Town and ABC Board are participating employers 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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) 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.

## ***Notes to the Financial Statements (continued)***

### ***a. Local Governmental Employees' Retirement System (continued)***

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town and ABC Board 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's contractually required contribution rate for the year ended June 30, 2021, was 12.04% of compensation for law enforcement officers and 11.43% for general employees and firefighters, 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 \$210,045 for the year ended June 30, 2021. For the ABC Board, the contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% for general employees. Contributions to the pension plan from the ABC Board were \$13,816 for the year ended June 30, 2021.

*Refunds of Contributions* – Town and ABC Board employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, the Town and ABC Board reported a liability of \$1,115,266 and \$77,186 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The 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 (as measured at June 30, 2020), the Town's proportion was 0.03121%, which was an increase of 0.0003% from its proportion as of June 30, 2020 (as measured at June 30, 2019). At June 30, 2021 (as measured at June 30, 2020), the ABC Board's proportion was 0.00216%, which was an increase of 0.00216% from its proportion as of June 30, 2020 (as measured at June 30, 2019).

For the year ended June 30, 2021, the Town recognized pension expense of \$398,678. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Notes to the Financial Statements (continued)**

**a. Local Governmental Employees' Retirement System (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 140,839	\$ -
Changes of assumptions	82,998	
Net difference between projected and actual earnings on pension plan investments	156,944	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	45,445	7,251
Town contributions subsequent to the measurement date	210,045	-
Total	<u>\$ 636,271</u>	<u>\$ 7,251</u>

\$210,045 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 asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ 122,445
2023	160,918
2024	89,165
2025	46,447
	<u>\$ 418,975</u>

For the year ended June 30, 2021, the ABC Board recognized pension expense of \$22,467. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,747	\$ -
Changes of assumptions	5,744	
Net difference between projected and actual earnings on pension plan investments	10,862	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	29,463	-
Board's contributions subsequent to the measurement date	13,816	-
Total	<u>\$ 69,632</u>	<u>\$ -</u>

**Notes to the Financial Statements (continued)**

**a. Local Governmental Employees' Retirement System (continued)**

\$13,816, reported as deferred outflows of resources related to pensions resulting from ABC Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$	17,256
2023		19,715
2024		15,631
2025		3,214
	\$	<u>55,816</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study from December 31, 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.



**Notes to the Financial Statements (continued)**

**a. Local Governmental Employees' Retirement System (continued)**

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

**b. Law Enforcement Officers Special Separation Allowance**

1. Plan description.

The Town 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. The Separation Allowance is equal to .85% 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 GS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>19</u>
	<u>20</u>

A separate report was not issued for the plan.

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 criteria which are outlined in GASB Statements 73

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

**Notes to the Financial Statements (continued)**

**b. Law Enforcement Officers Special Separation Allowance (continued)**

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

3. 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. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$13,319 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$467,329. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$92,413.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,127	\$ 156,519
Changes of assumptions	242,443	12,165
Benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 336,570	\$ 168,684

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Notes to the Financial Statements (continued)**

**b. Law Enforcement Officers Special Separation Allowance (continued)**

<u>Year ended June 30:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense</u>
2022	\$ 74,971	\$ 33,367	\$ 41,604
2023	72,763	31,877	40,886
2024	64,923	30,621	34,302
2025	56,596	27,900	28,696
2026	43,550	27,900	15,650

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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

	<u>1% Decrease (0.93%)</u>	<u>Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Total pension liability	\$ 503,300	\$ 467,329	\$ 434,024

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

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 356,707	\$ 211,377
Service Cost	26,795	27,442
Interest on the total pension liability	24,014	21,510
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(184,419)	89,962
Changes of assumptions or other inputs	257,551	20,416
Benefit payments	(13,319)	(14,000)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 467,329</u>	<u>\$ 356,707</u>

**Notes to the Financial Statements (continued)**

**b. Law Enforcement Officers Special Separation Allowance (continued)**

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, 2019 valuation were based on the results of an actuarial experience study for the five years ending December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 398,678	\$ 92,413	\$ 491,091
Pension Liability	1,115,266	467,329	1,582,595
Proportionate share of the net pension liability	0.03121%	n/a	
<b>Deferred of Outflows of Resources</b>			
Differences between expected and actual experience	140,839	94,127	234,966
Changes of assumptions	82,998	242,443	325,441
Net difference between projected and actual earnings on plan investments	156,944	-	156,944
Changes in proportion and differences between contributions and proportionate share of contributions	45,445	-	45,445
Benefit payments and administrative costs paid subsequent to the measurement date	210,045	-	210,045
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	-	156,519	156,519
Changes of assumptions	-	12,165	12,165
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,251	-	7,251

**c. Supplemental Retirement Income Plan for Law Enforcement Officers and Others**

*Plan Description.* The Town and ABC Board contributes 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 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

**Notes to the Financial Statements (continued)**

**c. Supplemental Retirement Income Plan for Law Enforcement Officers and Others (continued)**

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 GS 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. Also, the law enforcement officers may make voluntary contributions to the plan. The Town also provided this same benefit to other eligible employees beginning as of July 1, 1998.

The Town and ABC Board made contributions of \$81,620 and \$6,807, respectively, for the reporting year. No amounts were forfeited.

**d. Firefighter's and Rescue Squad Workers' Pension Fund**

Plan description. The State of North Carolina contributes, on behalf of the Town of Mocksville, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of GS Chapter 58 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 Firefighter's and Rescue Workers' Pension Fund 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 of the fund. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$15 per month to the fund. The State, a nonemployer contributor, funds the plan through appropriations. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

**e. Other Post-Employment Benefits**

*Plan Description:* Under the terms of a Town resolution, the Town provides for a health care benefit plan for those who leave service with thirty years of qualified service with the state retirement system with the Town. The Town pays for the full cost of these benefits through private insurers. The Town Commissioners may amend the plan.

As of June 30, 2020, membership in the plan consisted of the following:

Retirees	2
Terminated plan members entitled to but not receiving benefits	0
Active plan members	<u>35</u>
Total	37

**Notes to the Financial Statements (continued)**

**e. Other Post-Employment Benefits (continued)**

Total OPEB Liability

The Town's total OPEB liability of \$759,561 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Salary increases	3.5 -7.75 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

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

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at 7-1-20</b>	<b>\$ 95,524</b>
<b>Changes for the year</b>	
Service cost	92,232
Interest	65,594
Changes of benefit terms	-
Differences between expected and actual experience	1,168
Changes in assumptions or other inputs	538,492
Benefit payments	<u>(33,448)</u>
<b>Net changes</b>	<b>664,038</b>
<b>Balance at 6-30-21</b>	<b>\$ 759,561</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an 5 year actuarial experience study ending December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

**Notes to the Financial Statements (continued)**

**e. Other Post-Employment Benefits (continued)**

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 935,614	\$ 759,561	\$ 626,001

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$82,783. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,148	\$ 570,629
Changes of assumptions	476,454	233,211
Benefit payments and administrative costs made subsequent to the measurement date	-	
Total	<u>\$ 480,602</u>	<u>\$ 803,840</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ (75,043)
2023	(75,043)
2024	(75,043)
2025	(75,043)
2026	(43,334)
Thereafter	20,268

**Notes to the Financial Statements (continued)**

**2. Deferred Outflows and Inflows of Resources**

The Town has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Source	Amount
Deferred outflows for pensions	\$1,453,443
<b>Total</b>	<b>\$1,453,443</b>

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

Source	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable	\$0	\$68,570
Deferred inflows for OPEB	803,840	-
Deferred inflows for pensions	175,935	-
<b>Total</b>	<b>\$979,775</b>	<b>\$68,570</b>

**3. Commitments**

The Town had the following outstanding commitments at June 30, 2021:

	Comitment	Expended	Balance
Building Reuse	\$ 222,600	\$ 152,292	\$ 70,308
Dutchman Creek WWTP Renovations	4,000,000	3,588,896	411,104
Knight/Breakbush Brothers	2,500,000	264,591	2,235,409
Blowfish/Special Event	260,087	35,750	224,337

**4. Risk Management**

The Town is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$2 million per occurrence, property coverage up to \$12,684,321 per building per occurrence, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability in excess of \$500,000, up to \$500,000 for property, and \$250,000 up to \$5 million for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit of \$1,000,000 for the aggregate losses in a single year. After the property pool has paid out \$1,000,000, then the pool will be liable for a \$10,000 per claim maintenance deductible on future property losses for that year. The remainder of each claim will be borne by the reinsurer.

**Notes to the Financial Statements (continued)**

**4. Risk Management (continued)**

The Town carries commercial coverage for all other risks of loss. The Town has had no claims during this year or the prior two years.

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 is individually bonded for \$50,000. The remaining employees are bonded under a blanket bond of \$25,000. The finance officer for the TDA was individually bonded for \$50,000 in the TDA name. In accordance with GS18B-700(i) and GS 18B-803(b), each Board member and employees designated as general manager and finance officer for Mocksville – Cooleemee ABC Board are bonded in the amount of \$50,000.

**5. Long-Term Obligations**

**a. Capital leases**

The Town entered into a lease agreement with Enterprise Fleet Management on 6-19-20 for four police cars, initial payment of \$12,235 and 55 payments of \$2,987 including interest. The Town elected to make an initial payment of \$40,083 toward principal. This leaves a balance of 45 payments due, including interest of \$10,660. **See subsequent event note V.**

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 32,000	\$ 3,846	\$ 35,846
2023	32,000	3,846	35,846
2024	23,916	2,968	26,884
	<u>\$ 87,916</u>	<u>\$ 10,660</u>	<u>\$ 98,576</u>

The Town entered into a lease agreement with Enterprise Fleet Management on 6-8-2020 for five police cars. Terms include 60 payments of \$3,950 including interest. At year end, 55 payments were remaining including interest of \$14,369. **See subsequent event note V.**

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 44,262	\$ 3,135	\$ 47,397
2023	44,262	3,135	47,397
2024	44,262	3,135	47,397
2025	44,262	3,135	47,397
2026	25,779	1,829	27,608
	<u>\$ 202,827</u>	<u>\$ 14,369</u>	<u>\$ 217,196</u>

**Notes to the Financial Statements (continued)**

**b. Long-term Debt (continued)**

**b. Long-term Debt**

The Town had the following obligations outstanding at June 30, 2021:

USDA Rural Economic Development Loan (thru EnergyUnited EMC) \$1,000,000 at 0% interest dated 11-10-15; annual payments of \$100,000 due for 10 years.

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 100,000	\$ -	\$ 100,000
2023	100,000	-	100,000
2024	100,000	-	100,000
2025	100,000	-	100,000
thereafter	100,000	-	100,000
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

USDA Rural Economic Development Loan (thru EnergyUnited EMC) \$500,000 at 0% interest dated 7-8-2020; 120 equal installments of \$4,166.67.

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 50,000	\$ -	\$ 50,000
2023	50,000	-	50,000
2024	50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
thereafter	250,000	-	250,000
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

BB&T, original amount of \$585,000 dated 8-28-17, annual payments of \$125,159 including interest at 2.29% of \$16,434 beginning 8-28-18.

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 119,618	\$ 5,541	\$ 125,159
2023	116,620	2,802	119,422
	<u>\$ 236,238</u>	<u>\$ 8,343</u>	<u>\$ 244,581</u>

**Notes to the Financial Statements (continued)**

**b. Long-term Debt (continued)**

On February 6, 2018, the Town entered into a revolving loan agreement for \$3,630,000 with the US Environmental Protection Agency through NC department of Drinking Water Infrastructure for waste water treatment plant renovations. The financing contract requires 20 annual principal payments of \$181,500 plus interest payment at 1.53% interest beginning May 1, 2021. The obligation is collateralized by the full faith and credit of the Town and is callable if payments are substantially past due. As of June 30, 2021, \$3,399,895 had been advanced with one principal payment made.

Annual debt service requirements to maturity for long-term obligation, including \$527,620 of interest are as follows (assuming all \$3,630,000 is eventually advanced):

Year Ending June 30	Water and Sewer Fund		
	Principal	Interest	Payment
2022	\$ 181,500	\$ 52,762	\$ 234,262
2023	181,500	49,985	231,485
2024	181,500	47,208	228,708
2025	181,500	44,431	225,931
2026	181,500	41,654	223,154
2027-31	907,500	166,617	1,074,117
2032-36	907,500	97,193	1,004,693
2037-40	726,000	27,770	753,770
	<u>\$ 3,448,500</u>	<u>\$ 527,620</u>	<u>\$ 3,976,120</u>

**Notes to the Financial Statements (continued)**

**c. Changes in Long-term Liabilities**

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
<b>Governmental activities:</b>					
Separation allowance	\$ 356,707	\$ 110,622	\$ -	\$ 467,329	\$ -
OPEB obligation	54,558	569,761	-	624,319	-
USDA - EnergyUnited #1	600,000	-	100,000	500,000	100,000
USDA - EnergyUnited #2	-	500,000	-	500,000	50,000
BBT - Fire truck	353,306	-	117,068	236,238	119,749
Police vehicle leases	119,915	221,311	46,485	294,741	76,262
Pension liability	726,043	245,291	-	971,334	-
Accrued Vacation	141,812	-	94,422	47,390	-
	<u>2,352,341</u>	<u>1,646,985</u>	<u>357,975</u>	<u>3,641,352</u>	<u>346,011</u>
<b>Business-type activities</b>					
State Revolving Loan	1,627,736	1,590,659	-	3,218,395	181,500
OPEB obligation	40,966	94,276	-	135,242	-
Pension liability	118,085	25,847	-	143,932	-
Accrued Vacation	25,756	748	-	26,504	-
	<u>\$ 1,812,543</u>	<u>\$ 1,711,530</u>	<u>\$ -</u>	<u>\$ 3,524,073</u>	<u>\$ 181,500</u>

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

At June 30, 2021, the Town had no bonds authorized but unissued and a legal debt margin of \$80,921,076.

**C. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2021 is as follows:

Due to/from other funds:

To	General Fund	\$1,664,373
From	Water and Sewer Fund	1,664,373

These interfund loans were used to fund enterprise capital projects. The Board and management have adopted a repayment schedule of \$50,000 during the current year and each subsequent year.

There were no transfers during the current year.

**D. On-Behalf of Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2021, the Town of Mocksville has recognized on-behalf of payments for pension contributions made by the State as a revenue and expenditure of \$2,881 for eight paid firemen who perform firefighting duties for the Town's fire department. The volunteers elected to be members of the Firemen and Rescue Worker's Pension fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$15 monthly contribution paid by the Town, investment income, and State appropriation.

**Notes to the Financial Statements (continued)**

**E. Net Investment in Capital Assets**

	<b>Governmental</b>	<b>Business-type</b>
Capital Assets	\$ 6,240,419	\$ 17,441,285
less: long-term debt	680,980	3,218,395
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 5,559,439</u>	<u>\$ 14,222,890</u>

**F. Fund Balance**

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

<b><u>Total fund balance - General Fund</u></b>	<b>\$ 7,791,806</b>
Less:	
Stabilization by State Statute	1,916,956
Streets	14
USDA REDLG	1,000,000
Assigned for subsequent years expenditures	<u>121,149</u>
Remaining Fund Balance	\$ 4,753,688

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$0	

**IV. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**V. Significant Effects of Subsequent Events**

Subsequent events occurring after the statement of financial position date have been evaluated through November 10, 2021, which is the date the financial statements were available to be issued.

## ***Notes to the Financial Statements (continued)***

### ***V. Significant Effects of Subsequent Events (continued)***

On July 1, 2021, the Town dissolved its police department. On May 4, 2021, the Town entered into an Interlocal Agreement with Davie County Sheriff's Office (DCSO) to provide law enforcement services within its corporate boundaries. The terms of the agreement is three years commencing on July 1, 2021 and ending on June 30, 2021 and may be extended for additional and successive terms only upon consent and an Agreement signed by all parties. The Town relinquished all equipment and assets used for law enforcement which became the property of DCSO on the implementation date. The Town retained all buildings, fixtures, furnishings, copiers, other large office equipment, and decorations used by Mocksville Police Department (MPD). The Town is to maintain all current contracts related to the MPD; including but not limited to vehicle leases, software licenses, cloud storage and other contracts until leases and contracts can be assigned to the DCSO or cancelled. The Town subsequently cancelled all vehicle leases.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Town and its ability to carry out its activities which could impact its financial results.

**Town of Mocksville, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2021**

<b>Total OPEB liability</b>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Beginning balance	\$ 95,524	\$ 666,085	\$ 634,093	\$ 703,755	\$ 638,066
Service Cost	92,232	121,847	129,339	146,575	132,792
Interest on total pension liability	65,594	91,567	82,536	72,056	68,142
Differences between expected and actual experience in the measurement of the total pension liability	1,168	(738,301)	4,975	(4,872)	-
Changes of assumptions or other inputs	538,492	(15,128)	(147,323)	(257,611)	(135,245)
Benefit payments	(33,448)	(30,545)	(37,535)	(25,810)	-
Other changes	-	-	-	-	-
Ending balance of the total OPEB liability	<u>\$ 759,561</u>	<u>\$ 95,524</u>	<u>\$ 666,085</u>	<u>\$ 634,093</u>	<u>\$ 703,755</u>
 Covered payroll	 \$ 1,422,644	 \$ 1,422,644	 \$ 1,426,205	 \$ 1,426,205	 \$ 1,426,205
Total OPEB liability as a percentage of covered payroll	53.39%	6.71%	46.70%	44.46%	44.46%

**Notes to Schedule**

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

<u>Fiscal year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.65%

**Town of Mocksville, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**June 30, 2021**

**Schedule of Changes in Total Pension Liability**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 356,707	\$ 211,377	\$ 134,701	\$ 61,438	\$ 49,797
Service Cost	26,795	27,442	24,226	19,914	20,984
Interest on total pension liability	24,014	21,510	16,355	17,208	15,335
Differences between expected and actual experience in the measurement of the total pension liability	(184,419)	89,962	64,572	7,006	-
Changes of assumptions or other inputs	257,551	20,416	(21,096)	33,542	(11,054)
Benefit payments	(13,319)	(14,000)	(7,381)	(4,407)	(13,624)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 467,329</u>	<u>\$ 356,707</u>	<u>\$ 211,377</u>	<u>\$ 134,701</u>	<u>\$ 61,438</u>

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

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 467,329	\$ 356,707	\$ 211,377	\$ 134,701	\$ 61,438
Covered payroll	1,197,546	1,167,282	979,236	959,561	943,400
Total pension liability as a percentage of covered payroll	39.02%	30.56%	21.59%	14.04%	6.51%

Notes to the schedules:

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

**Town of Mocksville, North Carolina**  
**Town of Mocksville's Contributions**  
**Required Supplementary Information**  
**Last Eight Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 210,045	\$ 185,542	\$ 163,625	\$ 157,114	\$ 120,005	\$ 125,197	\$ 119,877	\$ 116,914
Contributions in relation to the contractually required contribution	210,045	185,542	163,625	157,114	120,005	125,197	119,877	116,914
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mocksville's covered-employee payroll	\$ 2,002,914	\$ 1,986,752	\$ 2,001,178	\$ 1,977,555	\$ 1,558,023	\$ 1,818,863	\$ 1,710,303	\$ 1,667,644
Contributions as a percentage of covered-employee payroll	10.49%	9.34%	8.18%	7.94%	7.70%	6.88%	7.01%	7.01%

**Town of Mocksville's Proportionate Share of Net Pension Liability (Asset)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Mocksville's proportion of the net pension liability (asset) (%)	0.03121%	0.03091%	0.02760%	0.02270%	0.02616%	0.02918%	0.02898%	0.02980%
Mocksville's proportion of the net pension liability (asset) (\$)	\$ 1,115,266	\$ 844,128	\$ 654,766	\$ 346,793	\$ 555,203	\$ 130,959	\$ (170,908)	\$ 350,204
Mocksville's covered-employee payroll*	\$ 1,986,752	\$ 2,001,178	\$ 1,977,555	\$ 1,558,023	\$ 1,818,863	\$ 1,710,303	\$ 1,667,644	\$ 1,729,656
Mocksville's proportionate share of the net pension liability (asset) as a percentage of	56.14%	42.18%	33.11%	22.26%	30.52%	7.66%	(10.25%)	20.25%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	91.63%	91.68%	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 Mocksville, North Carolina**  
**General Fund**  
**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2020</u>
Revenues:				
Ad valorem taxes (net of refunds):				
Taxes		\$ 2,817,738		\$ 3,019,714
Penalties and interest		15,566		8,752
	<u>\$ 2,902,004</u>	<u>2,833,304</u>	<u>\$ (68,700)</u>	<u>3,028,466</u>
Other taxes and licenses:				
Vehicle fees		92,960		151,252
Local option sales tax		1,331,957		1,167,870
	<u>1,295,000</u>	<u>1,424,916</u>	<u>129,916</u>	<u>1,319,122</u>
Unrestricted intergovernmental revenues				
Utilities franchise tax		471,970		478,971
ABC distribution		52,750		25,000
Beer and wine tax		22,913		23,333
	<u>540,000</u>	<u>547,632</u>	<u>7,632</u>	<u>527,304</u>
Restricted intergovernmental revenues:				
Powell Bill allocation		149,154		156,795
Investment earnings - Powell Bill		41		195
On behalf payments - Fire		2,881		12,725
Restricted grants		-		13,038
ARP funds		5		-
Police evidence funds		23,477		-
Contributions from Davie County				
Rural fire protection		446,702		418,196
Fire and Police grant		50,440		4,108
CDC Davie County		-		11,035
	<u>701,100</u>	<u>672,700</u>	<u>(28,400)</u>	<u>616,092</u>
Permits and fees:				
Officer fees		970		1,446
Other fees		-		-
	<u>1,800</u>	<u>970</u>	<u>(830)</u>	<u>1,446</u>
Sales and services:				
Sale of fixed assets		122,797		-
Recreation fees		12,396		5,043
Cemetery fees		23,800		10,800
Landfill and other fees		173,353		168,748
	<u>181,000</u>	<u>332,346</u>	<u>151,346</u>	<u>184,591</u>

**Town of Mocksville, North Carolina**  
**General Fund (Continued)**  
**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Year ended June 30, 2020
Revenues(continued):				
Investment earnings	\$ 30,500	\$ 1,466	\$ (29,034)	\$ 33,402
Other revenues:				
Insurance proceeds		-		-
Miscellaneous		3,910		52,804
	11,400	3,910	(7,490)	52,804
Total revenues	5,662,804	5,817,245	154,441	5,763,227
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits		40,154		38,369
Capital outlay		-		-
Other operating expenses		675		8,172
	45,500	40,829	4,671	46,541
Administration:				
Salaries and employee benefits		482,696		369,248
Other operating expenses		162,442		166,837
Davie County - IT and telephones		37,132		36,050
Professional		20,529		14,899
Capital outlay		-		-
	730,550	702,798	27,752	587,034
Administration: - other				
Administrative fees to Enterprise Funds		20,000		20,000
Insurance		186,563		182,584
Legal fees		86,050		86,338
Technology contracts		44,269		43,968
Other		-		-
	417,524	336,882	80,642	332,890
Parks and maintenance:				
Salaries and employee benefits		305,738		290,605
Other operating expenses		95,101		174,027
Capital outlay		43,124		53,803
	500,050	443,963	56,087	518,435
Total general government	1,693,624	1,524,472	169,152	1,484,899

**Town of Mocksville, North Carolina**  
**General Fund (Continued)**  
**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2020</u>
Expenditures (continued):				
Economic development:				
Incentives		\$ -		\$ -
Special projects - capital outlay		-		-
Special projects		198,196		229,417
	\$ 198,240	198,196	\$ 44	229,417
Public safety:				
Police:				
Salaries and employee benefits		1,509,894		1,440,297
Vehicle maintenance and supplies		50,269		60,458
Communications		10,313		10,313
Other operating expenses		170,651		180,117
Capital outlay		221,311		159,998
	1,976,200	1,962,439	13,761	1,851,183
Fire:				
Salaries and employee benefits		250,139		223,427
On-behalf payments		2,881		12,725
Vehicle maintenance and supplies		36,368		25,866
Other operating expenses		133,989		188,668
Capital outlay		136,554		51,300
	649,660	559,931	89,729	501,986
Total public safety	2,625,860	2,522,370	103,490	2,353,169
Transportation:				
Streets and highways:				
Salaries and employee benefits		201,462		195,712
Other operating expenses		208,158		224,250
Street / sidewalk paving repairs		23,185		7,187
Powell Bill expenditures - repairs		149,260		157,100
- Capital outlay		-		-
Capital outlay:				
Equipment		-		66,299
Road improvements - Quality Drive		-		-
	752,200	582,065	170,135	650,547

**Town of Mocksville, North Carolina**  
**General Fund (Continued)**  
**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2020</u>
Expenditures (continued):				
Environmental protection:				
Zoning and planning:				
Other operating expenses		\$ 6,145		\$ 4,826
Contracted services		52,818		51,280
	<u>\$ 59,680</u>	<u>58,964</u>	<u>\$ 716</u>	<u>56,106</u>
Sanitation:				
Landfill fees		56,788		60,579
Contracted services		188,509		166,444
	<u>253,000</u>	<u>245,297</u>	<u>7,703</u>	<u>227,024</u>
Total environmental protection	<u>312,680</u>	<u>304,260</u>	<u>8,420</u>	<u>283,129</u>
Cultural development:				
Salaries and employee benefits		93,827		91,691
Other operating expenses		79,348		56,044
Capital outlay		-		-
	<u>175,000</u>	<u>173,175</u>	<u>1,825</u>	<u>147,735</u>
Contributions:				
County library		33,500		33,500
County Arts Council		27,000		17,000
	<u>61,000</u>	<u>60,500</u>	<u>500</u>	<u>50,500</u>
Total cultural and recreational	<u>236,000</u>	<u>233,675</u>	<u>2,325</u>	<u>198,235</u>
Debt service:				
Principal retirement		263,553		251,680
Interest		13,243		14,144
	<u>277,200</u>	<u>276,796</u>	<u>404</u>	<u>265,825</u>
Total debt service				
Total expenditures	<u>6,095,804</u>	<u>5,641,835</u>	<u>453,969</u>	<u>5,465,222</u>
Revenues over (under) expenditures	<u>(433,000)</u>	<u>175,410</u>	<u>608,410</u>	<u>298,005</u>

**Town of Mocksville, North Carolina**  
**General Fund (Continued)**  
**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2020</u>
Other financing sources (uses):				
Fund balance appropriated	\$ 933,000	\$ -	\$ (933,000)	\$ -
Proceeds from loans	-	721,311	721,311	159,998
Disbursements to Davie County - RDLG	(500,000)	(500,000)	-	-
Payments from Davie County - RDLG	-	33,341	33,341	-
Operating transfers to (from)				
Capital projects fund - to	-	-	-	-
Water and sewer fund	-	-	-	-
	<u>433,000</u>	<u>254,653</u>	<u>(178,347)</u>	<u>159,998</u>
 Excess of revenues and other sources over (under) expenditures and other uses	 <u>\$ -</u>	 430,063	 <u>\$ 430,063</u>	 458,003
 Fund balance:				
Beginning of year, July 1		<u>7,361,743</u>		<u>6,903,740</u>
End of year, June 30		<u>\$ 7,791,806</u>		<u>\$ 7,361,743</u>

**Town of Mocksville, North Carolina**  
**General Capital Projects Fund - Building Reuse**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**From inception and for the fiscal year ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
Comfort Bilt Building					
Rural Economic Development Grant	\$ 212,000	\$ 116,068	\$ 25,624	\$ 141,692	\$ (70,308)
<b>Total revenues</b>	<u>212,000</u>	<u>116,068</u>	<u>25,624</u>	<u>141,692</u>	<u>(70,308)</u>
<b>Expenditures:</b>					
Building reuse construction	212,000	126,668	25,624	152,292	(59,708)
Administration	10,600	-	-	-	(10,600)
<b>Total expenditures</b>	<u>222,600</u>	<u>126,668</u>	<u>25,624</u>	<u>152,292</u>	<u>(70,308)</u>
<b>Revenues over expenditures</b>	<u>(10,600)</u>	<u>(10,600)</u>	<u>-</u>	<u>(10,600)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfer from operating fund	10,600	10,600	-	10,600	-
<b>Total other financing sources</b>	<u>10,600</u>	<u>10,600</u>	<u>-</u>	<u>10,600</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning			-		
Fund Balance, ending			<u>\$ -</u>		

**Town of Mocksville, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2020</u>
Revenues:				
Operating revenues:				
Water charges	\$ 2,030,200	\$ 1,499,054	\$ (531,146)	\$ 1,337,710
Sewer charges	2,073,973	1,489,371	(584,602)	1,377,477
Connection/late fees	95,000	68,495	(26,505)	181,491
	<u>4,199,173</u>	<u>3,056,920</u>	<u>(1,142,253)</u>	<u>2,896,678</u>
Other operating revenues	<u>20,000</u>	<u>30,336</u>	<u>10,336</u>	<u>14,424</u>
Total operating revenues	<u>4,219,173</u>	<u>3,087,256</u>	<u>(1,131,917)</u>	<u>2,911,102</u>
Nonoperating revenues:				
Interest on investments	5,000	152	(4,848)	7,546
Sale of assets	-	-	-	-
Rental income	6,000	6,800	800	6,000
Sales tax refunds	30,000	(1,915)	(31,915)	-
	<u>41,000</u>	<u>5,037</u>	<u>(35,963)</u>	<u>13,546</u>
Other sources:				
Other grants and reimbursements	2,650,000	2,131	(2,647,869)	-
Fund balance appropriated	-	-	-	-
	<u>2,650,000</u>	<u>2,131</u>	<u>(2,647,869)</u>	<u>-</u>
Total revenues and other sources	<u>6,910,173</u>	<u>3,094,424</u>	<u>(3,815,749)</u>	<u>2,924,648</u>

**Town of Mocksville, North Carolina**  
**Water and Sewer Fund (Continued)**  
**Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year ended June 30, 2020</u>
Expenditures:				
Water operations:				
Salaries and employee benefits		\$ 215,143		\$ 214,228
Education and training		129		1,824
Supplies		194,558		183,157
Utilities		73,300		66,526
System maintenance		22,079		55,830
Other operating expenses		434,573		530,898
	<u>1,221,100</u>	<u>939,782</u>	<u>\$ 281,318</u>	<u>1,052,464</u>
Sewer operations:				
Salaries and employee benefits		273,288		265,008
Education and training		58		570
Supplies		126,625		164,941
Utilities		82,069		96,383
System maintenance		26,203		31,062
Other operating expenses		1,044,374		932,802
	<u>1,857,573</u>	<u>1,552,617</u>	<u>304,956</u>	<u>1,490,765</u>
Budgetary appropriations:				
Transfer to capital projects		-		189,000
Capital outlay and construction		426,861		346,086
Payment on debt		223,040		-
	<u>3,831,500</u>	<u>649,901</u>	<u>3,181,599</u>	<u>535,086</u>
 Total expenditures	 <u>6,910,173</u>	 <u>3,142,300</u>	 <u>3,767,873</u>	 <u>3,078,315</u>
 Revenues and other sources over expenditures and other uses	 <u>\$ -</u>	 <u>\$ (47,876)</u>	 <u>\$ (47,876)</u>	 <u>\$ (153,666)</u>

**Town of Mocksville, North Carolina**  
**Water and Sewer Fund (Continued)**  
**Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2021**  
**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

Reconciliation from budgetary basis (modified accrual) to full accrual basis:

	<u>2021</u>	<u>2020</u>
Revenues over expenditures	\$ (47,876)	\$ (153,666)
Reconciling items:		
Budgetary appropriations excluding transfers	426,861	346,086
Transfers to capital projects	-	189,000
(Increase) decrease in accrued vacation pay	(747)	2,859
Depreciation	(765,111)	(757,738)
Capital Project grants	300,341	-
Debt service principal portion	181,500	-
Pension (expense) credit	(21,120)	(29,926)
OPEB expense	<u>(7,004)</u>	<u>(2,119)</u>
Total reconciling items	<u>114,720</u>	<u>(251,838)</u>
Net change in net position	<u>\$ 66,844</u>	<u>\$ (405,505)</u>

**Town of Mocksville, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Dutchman's Creek WWTP Renovations**  
**Project CWSRF CS370606-02**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From inception and for the fiscal year ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental SRF Loans	\$ 3,927,400	\$ 1,809,236	\$ 1,590,659	\$ 3,399,895	\$ (527,505)
Other revenues:					
Other contributions	-	-	-	-	-
<b>Total revenues</b>	<u>3,927,400</u>	<u>1,809,236</u>	<u>1,590,659</u>	<u>3,399,895</u>	<u>(527,505)</u>
Expenditures:					
Construction	3,325,000	2,144,380	1,196,776	3,341,156	(16,156)
Planning and design	248,650	-	-	-	248,650
Engineering	150,000	184,580	63,160	247,740	(97,740)
Contengency	163,750	-	-	-	163,750
Legal fees	40,000	-	-	-	40,000
Closing costs	72,600	-	-	-	72,600
Total	<u>4,000,000</u>	<u>2,328,960</u>	<u>1,259,936</u>	<u>3,588,896</u>	<u>411,104</u>
<b>Revenues over expenditures</b>	<u>(72,600)</u>	<u>(519,724)</u>	<u>330,724</u>	<u>(189,000)</u>	<u>(116,400)</u>
Other financing sources:					
Operating fund - Sewer	72,600	189,000	-	189,000	116,400
<b>Total other financing sources</b>	<u>72,600</u>	<u>189,000</u>	<u>-</u>	<u>189,000</u>	<u>116,400</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (330,724)</u>	<u>\$ 330,724</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Mocksville, North Carolina**  
**Water and Sewer Capital Projects Fund**  
**Project Knight/Breakbush Brothers, Inc. CDBG #19-E-3100**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From inception and for the fiscal year ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental CDBG economic development	\$ 2,000,000	\$ -	\$ 264,591	\$ 264,591	\$ (1,735,409)
Other revenues:					
Golden Leaf	450,000	-	-	-	(450,000)
Total revenues	<u>2,450,000</u>	<u>-</u>	<u>264,591</u>	<u>264,591</u>	<u>(2,185,409)</u>
Expenditures:					
Water improvements	450,000	-	-	-	450,000
Sewer improvements	2,000,000	-	-	-	2,000,000
Engineering	-	-	207,567	207,567	(207,567)
Easements	-	-	7,024	7,024	(7,024)
Administration	50,000	-	50,000	50,000	-
Total	<u>2,500,000</u>	<u>-</u>	<u>264,591</u>	<u>264,591</u>	<u>2,235,409</u>
Revenues over expenditures	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Other financing sources:					
Operating fund - Sewer	50,000	-	-	-	(50,000)
Total other financing sources	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Mocksville, North Carolina**  
**Sewer Capital Projects Fund**  
**Project Blowfish/Special Event Services, Inc. CDBG #19-E-3120**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From inception and for the fiscal year ended June 30, 2021**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental CDBG economic development	\$ 175,000	\$ -	\$ 35,750	\$ 35,750	\$ (139,250)
Other revenues:					
	-	-	-	-	-
Total revenues	<u>175,000</u>	<u>-</u>	<u>35,750</u>	<u>35,750</u>	<u>(139,250)</u>
Expenditures:					
Sewer improvements	260,087	-	-	-	260,087
Engineering	-	-	35,750	35,750	(35,750)
Aministration	-	-	-	-	-
Total	<u>260,087</u>	<u>-</u>	<u>35,750</u>	<u>35,750</u>	<u>224,337</u>
Revenues over expenditures	<u>(85,087)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,087</u>
Other financing sources:					
Operating fund - Sewer	85,087	-	-	-	(85,087)
Total other financing sources	<u>85,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,087)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Mocksville, North Carolina**  
**Schedule of Changes in Ad Valorem Taxes Receivable**  
**For the Year Ended June 30, 2021**

<u>Year of Levy</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2021</u>
2021		\$ 2,844,527	\$ 2,813,745	\$ 30,782
2020	\$ 28,633		18,096	10,537
2019	9,898		2,143	7,755
2018	6,612		1,838	4,774
2017	3,580		811	2,769
2016	3,702		614	3,088
2015	2,345		510	1,835
2014	2,539		87	2,452
2013	1,229		87	1,142
2012	3,522		86	3,436
2011 and prior	3,926		3,926	-
	<u>\$ 65,986</u>	<u>\$ 2,844,527</u>	<u>\$ 2,841,943</u>	
Ad Valorem Taxes Receivable - Net				<u>\$ 68,570</u>
Reconciliation with Revenues:				
Tax - Ad Valorem				\$ 2,817,738
Other Adjustments				<u>24,205</u>
Total collections and credits				<u>\$ 2,841,943</u>

**Town of Mocksville, North Carolina**  
**Analysis of Current Tax Levy**  
**For the Year Ended June 30, 2021**

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Tax Levy - Town Wide	\$ 980,871,379	\$ 0.29	\$ 2,844,527	\$ 2,689,844	\$ 154,683
Discoveries	-		-	-	-
Abatements and Releases	-		-	-	-
<b>Total for Year</b>	<b>\$ 980,871,379</b>		<b>2,844,527</b>	<b>2,689,844</b>	<b>154,683</b>
Less, Uncollected Tax at June 30, 2020			30,782	30,782	-
<b>Current Year's Taxes Collected</b>			<b>\$ 2,813,745</b>	<b>\$ 2,659,062</b>	<b>\$ 154,683</b>
<b>Percent Current Year Collected</b>			<b>98.92%</b>	<b>98.86%</b>	<b>100.00%</b>

**Town of Mocksville, North Carolina**  
**Ten Largest Taxpayers**  
**For the Fiscal Year Ended June 30, 2021**

<u>Name</u>	<u>Property Value</u>	<u>Tax Levy</u>	<u>Percentage of Total Assessed Valuation</u>
Gildan Yarns	\$ 106,831,565	\$ 309,812	12.08%
Avgol	87,212,191	252,915	9.86%
Ingersol Rand	65,503,043	189,959	7.41%
Funder America	18,958,543	54,980	2.14%
VF Jeanswear	17,102,820	49,598	1.93%
Time Warner	9,203,354	26,690	1.04%
Walmart	9,605,944	27,857	1.09%
Duke Energy	9,824,576	28,491	1.11%
Lowe's	7,506,863	21,770	0.85%
CPP Global	8,253,577	23,935	0.93%
	<u>\$ 340,002,476</u>	<u>\$ 986,007</u>	<u>38.44%</u>

# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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

### Independent Auditor's Report

To the Honorable Mayor and  
Town Council  
Town of Mocksville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Mocksville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Mocksville's basic financial statements, and have issued our report thereon dated November 10, 2021.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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

Eddie Carrick, CPA

A handwritten signature in black ink, appearing to read "Eddie Carrick, CPA". The signature is written in a cursive style with a large initial "E".

Lexington, North Carolina  
November 10, 2021

# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

### Independent Auditor's Report

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

#### Report on Compliance for Each Major Federal Program

We have audited the Town of Mocksville, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mocksville's major federal programs for the year ended June 30, 2021. The Town of Mocksville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Mocksville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Mocksville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Mocksville's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the Town of Mocksville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the Town of Mocksville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Mocksville's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eddie Carrick, CPA, PC

A handwritten signature in black ink, appearing to read "E. Carrick, CPA".

Lexington, North Carolina  
November 10, 2021



**Town of Mocksville, North Carolina**  
**Financial Statement Findings**  
**For the Year Ended June 30, 2021**

**II Financial Statement Findings**

**Material weakness**

None reported

**III Federal Award Findings and Questioned Costs**

None reported

**The Town of Mocksville**  
**Schedule of Federal and State Financial Assistance**  
**For the year ended June 30, 2021**

<u>GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>STATE GRANTOR'S NUMBER</u>	<u>FEDERAL (DIRECT) PASS THROUGH EXPENDITURES</u>	<u>STATE (DIRECT) PASS THROUGH EXPENDITURES</u>
<b><u>Federal grants</u></b>				
US ENVIRONMENTAL PROTECTION AGENCY Capitalization Grants for Drinking Water State Revolving Funds Through NC Department of Drinking Water Infrastructure	66.458		\$ 1,259,936 **	
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Pass through NC Department of Commerce	14.228		264,591	
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Pass through NC Department of Commerce	14.228		35,750	
US DEPARTMENT OF JUSTICE Equitable Sharing Program	16.922		49,144	
<b><u>State Grants</u></b>				
NC DEPARTMENT OF COMMERCE Rural Economic Development				\$ 25,624
NORTH CAROLINA DEPARTMENT OF TRANSPORTATION Powell Bill				149,260
			<u>\$ 1,609,421</u>	<u>\$ 174,884</u>

\*\* Major programs

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

- A The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Mocksville, North Carolina, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.
- B The Town of Mocksville had the following loan balances outstanding at June 30, 2021. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S NUMBER</u>	<u>AMOUNT OUTSTANDING</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.458		\$ 3,218,395