# Town of Yanceyville

**Yanceyville, North Carolina**

## Audited Financial Statements

**Year Ended June 30, 2022**

TOWN OF YANCEYVILLE

NORTH CAROLINA

TOWN COUNCIL

Alvin Foster, Mayor

Odessa Gwynn, Mayor Pro Tem

Brian Massey

Keith Tatum

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Kamara Barnett, Town Manager

TOWN OF YANCEYVILLE, NORTH CAROLINA

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# Independent Auditor's Report

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Town of Yanceyville, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Yanceyville's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yanceyville as of June 30, 2022, and the respective changes in financial position, and cash flows (where applicable) thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Audit of the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS *and Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercised professional judgement and maintained professional skepticism throughout the audit,
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Yanceyville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Yanceyville's ability to continue as a going concern for a reasonable period of time.

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

***Required supplementary information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 basic financial statements of the Town of Yanceyville, North Carolina. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the 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 May 31, 2023 on our consideration of the Town of Yanceyville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion in 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 Yanceyville's internal control over financial reporting and compliance.

Certified Public Accountants
Graham, North Carolina
May 31, 2023

**TOWN OF YANCEYVILLE, NORTH CAROLINA**
**"TRADITION WITH VISION"**

# MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT
**Fiscal Year ending June 30, 2022**

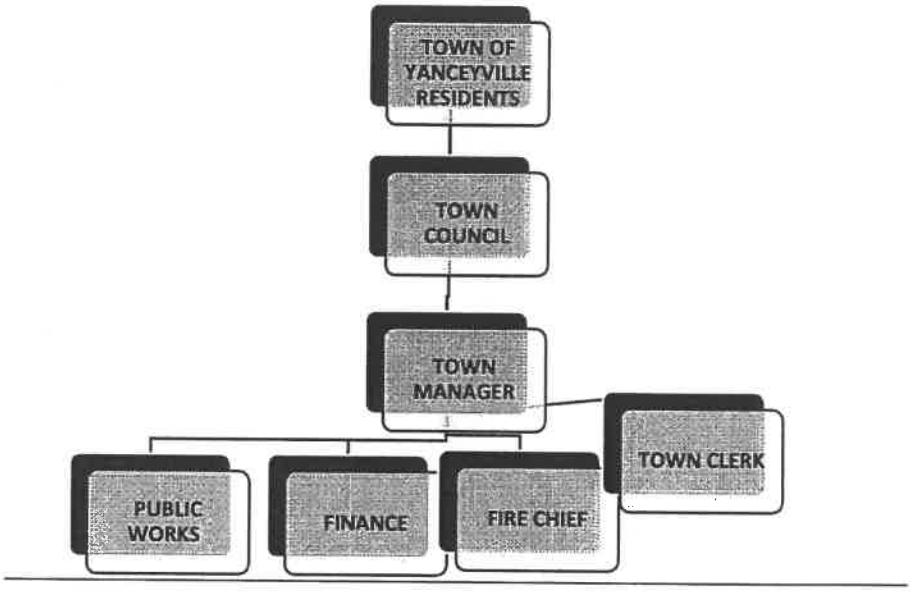
It has long been recognized that financial statements alone are not sufficient to communicate overall performance of an entity. As management of the Town of Yanceyville, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. The Management's Discussion and Analysis Report is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial condition, identify material deviations from the financial budget, and identify individual fund issues or concerns. In addition to reporting the financial condition of the town we strive to offer an overview of the economic impact as well as the economic development and future planning and projects that will impact the town's future growth.

Since the MD&A Report is structured to focus on the current year's activities, resulting changes and currently known facts, readers are encouraged to consider the information presented in conjunction with the additional information furnished in the Town's financial statements, which follow this section.

## *MISSION STATEMENT*

Adopted December 7, 2004 the mission of the Town of Yanceyville is to provide its citizens and visitors a clean, safe, hometown atmosphere that anyone would be proud to call home. Yanceyville will strive to prepare and build for the future, while at the same time maintain and preserve our deep-rooted heritage that has been an important part of this community for over two hundred years.

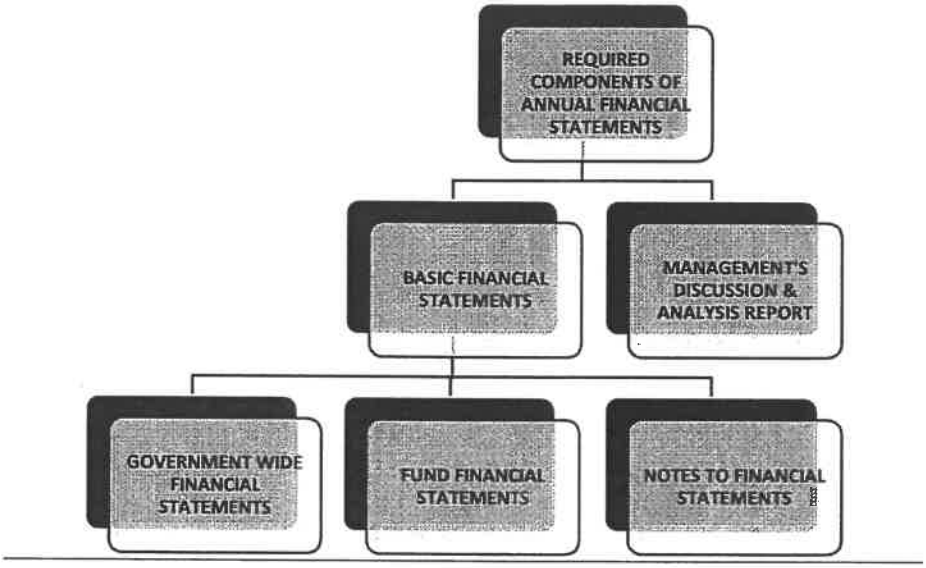
## ORGANIZATIONAL STRUCTURE




## *FINANCIAL HIGHLIGHTS*

- The total assets and deferred outflows of resources of the Town of Yanceyville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $15,435,854.
- The governments total net position increased by $128,223, primarily due to an increase of $584,197 in the governmental-type activities and a decrease of $455,974 for business-type activities net position.
- At the end of the current fiscal year, the Town of Yanceyville's governmental funds reported combined ending fund balances of $2,407,991 with a net increase of $301,242 in fund balance. Approximately 33.06% of this total amount, or $796,164, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,611,827, or 140.21% of total general fund expenditures for the fiscal year.
- The Town of Yanceyville's outstanding debt decreased by $363,271.

## *OVERVIEW OF FINANCIAL STATEMENTS*




The following discussion and analysis are intended to serve as an introduction to the Town of Yanceyville's basic financial statements. The financial statements are comprised of two kinds of statements that present two different views: (A) Government-Wide Financial Statements and (B) Fund Financial Statements. Both perspectives are essential and complementary components that allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. Also important to the basic financial statements are the notes to the financial statements. This report contains other supplementary information in addition to the basic statements that will enhance the reader's understanding of the financial condition of the Town.

### *BASIC FINANCIAL STATEMENTS*

The first statement in the basic financial statements is the Government-wide Financial Statements that provide an overview of the Town's financial status. Following are the Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government and provide greater detail than the government-wide statements. There are three parts to the Fund Financial Statements: (a) governmental funds statements, (b) budgetary comparison statements, and (c) the proprietary fund statements.

The section following the basic financial statements is the Notes. These provide explanation in detail of the data contained in the statements. After Notes you will see supplemental information which is provided to show details about the Town's individual funds, followed by budgetary information which is required by General Statutes.

A. *Government-wide Financial Statements*

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

The two government-wide financial statements show the Town's net position and how they have changed. Increases or decreases in net position is one way to gauge the financial health of the Town's financial condition.

The government-wide financial statements are divided into two categories:

1. *Governmental Activities*: This statement includes the Town's basic services such as public safety, public works, and general administration. These activities are funded primarily by property taxes, sales taxes, and grants.
2. *Business-type Activities*: The Town charges fees to customers to fund the services it provides. The Town's water and sewer activities are the primary source of funds in this category.

B. *Fund Financial Statements*

A "fund" is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The Town of Yanceyville uses fund accounting, like all other governmental entities in North Carolina, to ensure and reflect compliance with finance-related legal requirements by General Statutes of North Carolina and/or the Town's budget ordinance. The fund financial statements provide detailed information while focusing on fiscal accountability and are used to account for specific sources of funding such as those required by state law, bond covenants, and spending for a particular purpose. The funds for the Town of Yanceyville are divided into three categories: Governmental Funds, Business-Type Funds and Special Revenue Funds.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 upcoming year. Reporting in this fund uses Modified Accrual Accounting which provides a short-term spending focus. The governmental fund financial statements give the reader a detailed short-term view that enables them to determine if there are more or less financial resources available to finance the Town's programs.

The Town of Yanceyville adopts an annual appropriated budget for its General Fund, as required by the General Statutes of North Carolina. This is a legally adopted document that serves to provide how to pay for services the Town provides its citizens. The relationship between the 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. The budgetary statement for the General Fund demonstrates how well the Town complied with the adopted budget ordinance and also whether the Town was successful in providing the services planned at the time the budget was adopted.

*Proprietary Funds* are used to report the same functions as business-type activities in the government-wide financial statements, that is in the case of the Town of Yanceyville, Enterprise Funds which support the water and sewer operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

*Special Revenue Funds* are used to report for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town has three Special Revenue Funds: ARPA Fund, Performance Grant Fund, and the Cemetery Fund.

C. *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 28-52 of this report.

D. *Other Information*

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Yanceyville's progress in funding its obligation to provide pension benefits to its Employees. Required supplementary information can be found beginning on pages 53-55 of this report.

## *GOVERNMENT-WIDE FINANCIAL ANALYSIS*

**Figure 2**

**TOWN OF YANCEYVILLE**
**NET POSITION**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | $ 2,843,392 | $ 2,167,670 | $ 2,064,416 | $ 2,336,617 | $ 4,907,808 | $ 4,504,287 |
| Non-current assets | 5,763 | - | 5,763 | - | 11,526 | - |
| Capital assets | 3,624,401 | 3,442,311 | 10,179,253 | 10,397,759 | 13,803,654 | 13,840,070 |
| Deferred outflows of resources | 28,934 | 33,033 | 71,068 | 70,408 | 100,002 | 103,441 |
| Total assets and deferred outflows of resources | 6,502,490 | 5,643,014 | 12,320,500 | 12,804,784 | 18,822,990 | 18,447,798 |
| Long-term liabilities outstanding | 294,493 | 432,089 | 2,074,571 | 2,310,989 | 2,369,064 | 2,743,078 |
| Other liabilities | 503,182 | 124,238 | 386,776 | 262,783 | 889,958 | 387,021 |
| Deferred inflows of resources | 37,153 | 3,222 | 90,961 | 6,846 | 128,114 | 10,068 |
| Total liabilities and deferred inflows of resources | 834,828 | 559,549 | 2,552,308 | 2,580,618 | 3,387,136 | 3,140,167 |
| Net position | | | | | | |
| Net investment in capital assets | 3,258,439 | 2,977,857 | 8,015,016 | 8,081,535 | 11,273,455 | 11,059,392 |
| Restricted | 791,553 | 429,267 | 130,911 | 130,911 | 922,464 | 560,178 |
| Unrestricted | 1,617,670 | 1,676,341 | 1,622,265 | 2,011,720 | 3,239,935 | 3,688,061 |
| Total net position | $ 5,667,662 | $ 5,083,465 | $ 9,768,192 | $ 10,224,166 | $ 15,435,854 | $ 15,307,631 |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Yanceyville exceeded liabilities and deferred inflows by $15,435,854 as of June 30, 2022. The Town's net position increased by $128,223. However, the largest portion (73.03%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment).

The Town of Yanceyville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Yanceyville's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Yanceyville's net position, $922,464, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $3,239,935 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.57%. The statewide average in fiscal year 2022 was 99.12%.

**Figure 3**
**Town of Yanceyville's**
**Changes in Net Position**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 54,223 | $ 63,541 | $ 1,648,410 | $ 1,786,351 | $ 1,702,633 | $ 1,849,892 |
| Operating grants and contributions | 154,447 | 271,844 | - | - | 154,447 | 271,844 |
| Capital grants and contributions | 169,414 | 410,022 | - | - | 169,414 | 410,022 |
| General revenue | | | | | | |
| Property taxes | 310,106 | 336,340 | - | - | 310,106 | 336,340 |
| Other taxes | 344,268 | 324,621 | - | - | 344,268 | 324,621 |
| Grants and contributions not restricted to specific programs | 388,906 | 10,331 | - | - | 388,906 | 10,331 |
| Other | 28,302 | 17,532 | 40,717 | 61,055 | 69,019 | 78,587 |
| Total revenues | 1,449,666 | 1,434,231 | 1,689,127 | 1,847,406 | 3,138,793 | 3,281,637 |
| Expenses | | | | | | |
| General government | 403,768 | 453,866 | | | 403,768 | 453,866 |
| Public safety | 324,891 | 401,526 | | | 324,891 | 401,526 |
| Transportation | 12,520 | 51,277 | | | 12,520 | 51,277 |
| Economic and physical development | - | 2,830 | | | - | 2,830 |
| Cultural and recreation | 14,116 | 31,353 | | | 14,116 | 31,353 |
| Public works | 110,174 | 109,332 | | | 110,174 | 109,332 |
| Water and sewer | | | 2,145,101 | 1,864,396 | 2,145,101 | 1,864,396 |
| Total expenses | 865,469 | 1,050,184 | 2,145,101 | 1,864,396 | 3,010,570 | 2,914,580 |
| Increase in net position before transfers | 584,197 | 384,047 | (455,974) | (16,990) | 128,223 | 367,057 |
| Transfers | - | 43,471 | - | (43,471) | - | - |
| Increase (decrease) in net position | 584,197 | 427,518 | (455,974) | (60,461) | 128,223 | 367,057 |
| Beginning net position | 5,083,465 | 4,655,947 | 10,224,166 | 10,284,627 | 15,307,631 | 14,940,574 |
| Net position, June 30 | $ 5,667,662 | $ 5,083,465 | $ 9,768,192 | $ 10,224,166 | $ 15,435,854 | $ 15,307,631 |

*Governmental Activities*
Governmental activities increased the Town's net position by $584,197.

*Business-type Activities*
Business-type activities decreased the Town's net position by $455,974.

The Town of Yanceyville operates one enterprise fund, the Water and Sewer Fund that constitutes all of the business-type activities.

## *FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS*

As previously noted, the Town of Yanceyville 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.

The general fund is the chief operating fund of the Town of Yanceyville. At the end of the current fiscal year, the Town of Yanceyville's fund balance available in the General Fund was $1,611,827, while total fund balance increased to $2,033,410. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 143.60% of total General Fund expenditures.

As of June 30, 2022, the governmental funds of the Town of Yanceyville reported a combined fund balance of $2,407,991, with a net increase in fund balance of $301,242. Included in this change in fund balance is an increase in fund balance for General Fund, ARPA Fund, 911 Memorial Fund and Special Revenue fund.

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

The Town revised its budget throughout the year. The Town received restricted governmental funds that became available for distribution in 2022.

*Proprietary Funds*: The Town of Yanceyville's proprietary funds provide the same type of information found in the government -wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to $1,622,265. The total change in net position for the Water and Sewer Fund was ($455,974). Other factors that concern the finances of this fund have already been addressed in the discussion of the Town of Yanceyville'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, 2022 totals $13,803,654 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following:

- Land for Governmental activities for $263,368.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | $ 853,364 | $ 589,996 | $ 19,407 | $ 19,407 | $ 872,771 | $ 609,403 |
| Building and system | 1,259,780 | 1,293,197 | 333,758 | 346,281 | 1,593,538 | 1,639,478 |
| Improvements other than buildings | 619,224 | 637,496 | 209,294 | 217,316 | 828,518 | 854,812 |
| Plants and distribution system | - | - | 9,321,221 | 9,531,761 | 9,321,221 | 9,531,761 |
| Vehicles and equipment | 483,156 | 611,373 | 116,802 | 144,649 | 599,958 | 756,022 |
| Art | 190,350 | 190,350 | - | - | 190,350 | 190,350 |
| Construction in progress | 218,527 | 119,899 | 178,771 | 138,345 | 397,298 | 258,244 |
| Total | $ 3,624,401 | $ 3,442,311 | $ 10,179,253 | $ 10,397,759 | $ 13,803,654 | $ 13,840,070 |

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

**Long-term Debt.** As of June 30, 2022,the Town of Yanceyville had total long-term debt of $2,530,198. $2,164,237 of this debt represents a bond secured solely by specific revenue sources (e.g. revenue bonds).

**Figure 5**
**Outstanding Debt**

| | Govermental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue bonds | $ - | $ - | $ 2,164,237 | $ 2,316,224 | $ 2,164,237 | $ 2,316,224 |
| Other financing agreement | 365,961 | 464,454 | - | - | 365,961 | 464,454 |
| Lease liability | 5,763 | - | 5,763 | - | 11,526 | - |
| Pension related debt (LGERS) | 22,193 | 64,036 | 54,333 | 136,076 | 76,526 | 200,112 |
| Compensated absences | 3,969 | 4,184 | 20,835 | 21,351 | 24,804 | 25,535 |
| Total | $ 397,886 | $ 532,674 | $ 2,245,168 | $ 2,473,651 | $ 2,643,054 | $ 3,006,325 |

**Town of Yanceyville's Outstanding Debt.** The Town of Yanceyville's total debt decreased by $363,271 (12.08%) during the fiscal year.

North Carolina general statues limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the unit of government's boundaries. The legal debt margin for the Town of Yanceyville is $7,139,615.

## *ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES*

***ECONOMIC INDICATORS:*** The following key economic indicators reflect the growth and prosperity of the Town.

- Figures on Unemployment and High School graduation rates are uncertain due to Covid- 19.
- No tax increase or water/sewer rate increase for the 2021-2022 budget year.
- The Town will allocate 3% of all water revenues to the repayment of the USDA loan that has allowed the Town to pursue an emergency water line connection with the City of Danville, Va. The Town anticipates the revenues collected from the 3% of water revenues to allow the Town to pay off the debt taken on by the project much sooner.
- The Town does intend to continue working with A third-party contractor for Water/ Wastewater Management and Operations of the Town's Water and Wastewater Plants, Planning and Zoning Administration/Code Enforcement needs, legal needs, engineering needs, and extensive water/sewer repair needs.
- Some of the major (> $25K) items in this year's budget are outlined below:
    - Full-Service contract for water and sewer infrastructure
    - Computer Network updates and upgrades
    - Updates and Maintenance to Town owned facilities
    - Continued repair/replacement contracts for aging water/sewer infrastructure as needed.
    - Capital Improvements
    - WI-FI Network Expansion
    - Planning and Zoning Administration

**Grant Projects:**

We will insistently target grant funding for projects in the areas of water and sewer infrastructure, parks, recreation and memorials, and economic development initiatives. The Town has submitted five grant applications in this fiscal year to the North Carolina Department of Environmental Quality Division of Water Infrastructure: -Infrastructure to aid the in the improvements and operations of our Public Water and Sewer Infrastructure.

## *BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2023*

*Governmental Activities.*
The total budget amount for all funds in fiscal year 2022-2023 is $2,830,017 compared to $2,656,660 in fiscal year 2021-2022 (an increase of 6.5%).

The budget for the General Fund is approximately 5% higher than the fiscal year 2021-2022 ($899,500 in 2021-2022 to 943,515 in 2022-2023). Some of the significant changes include increased expenditures in the cost-of-living adjustment for staff and special projects within the Water and Sewer Plants, and planning and zoning administration.

The Enterprise Fund is approximately 8 % higher than the respective budget for the fiscal year 2022-2023 ($1,717,160 in 2021-2022 to 1,846,502 in 2022-2023). Some of the significant changes include increased expenditure in the cost-of-living adjustment for staff, special projects, and full-service operation of Water & Wastewater Plants.

*Business-type activities.* The Water and Sewer rates reveal no increase. The Enterprise Fund (Water and Sewer Fund) expects to have about the same expenditure as last year. Recommending a 3% salary increase for all Town staff. The Enterprise Fund expects to have an increase in expenditure in comparison to last year. We make an effort to maintain a relatively conservative when possible.

The Town seeks to maintain current service levels, while also addressing infrastructure needs to maintain our current assets to allow for prolonged use and efficiency.

***REQUEST FOR INFORMATION***

This financial report is designed to provide a general overview of the Town of Yanceyville's finances for all those with an interest in the Town's finances and its accountability for the monies it receives. Any questions concerning any of the information provided in this report or to request additional financial information should be addressed to the Town of Yanceyville, Finance Department, P.O. Box 727, Yanceyville, NC 27379 or by viewing our website at www.yanceyvillenc.gov.

# FINANCIAL SECTION

Exhibit 1

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

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 1,562,537 | $ 1,684,349 | $ 3,246,886 |
| Taxes receivables (net) | 23,735 | - | 23,735 |
| Accrued interest receivable on taxes | 11,877 | - | 11,877 |
| Accounts receivable (net) | 85,515 | 367,295 | 452,810 |
| Bond discount | - | 11,012 | 11,012 |
| Restricted cash and cash equivalents | 1,159,728 | 1,760 | 1,161,488 |
| Total current assets | 2,843,392 | 2,064,416 | 4,907,808 |
| Non-current assets: | | | |
| Right to use lease asset - net of amortization | 5,763 | 5,763 | 11,526 |
| Capital assets (Note 4): | | | |
| Land, improvements, and construction in progress | 1,262,241 | 198,178 | 1,460,419 |
| Other capital assets, net of depreciation | 2,362,160 | 9,981,075 | 12,343,235 |
| Total capital assets | 3,624,401 | 10,179,253 | 13,803,654 |
| Total assets | 6,473,556 | 12,249,432 | 18,722,988 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension deferrals | 28,934 | 71,068 | 100,002 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 86,984 | 141,206 | 228,190 |
| Accrued interest payable | - | 73,212 | 73,212 |
| Customer deposits | - | 1,761 | 1,761 |
| Liabilities to be paid from restricted assets | 312,805 | - | 312,805 |
| Current portion of long-term liabilities | 103,393 | 170,597 | 273,990 |
| Total current liabilities | 503,182 | 386,776 | 889,958 |
| Long-term liabilities: | | | |
| Due in more than one year | 294,493 | 2,074,571 | 2,369,064 |
| Total liabilities | 797,675 | 2,461,347 | 3,259,022 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension deferrals | 37,153 | 90,961 | 128,114 |
| **NET POSITION** | | | |
| Net investment in capital assets | 3,258,440 | 8,015,016 | 11,273,456 |
| Restricted for: | | | |
| Stabilization by State Statute | 89,516 | - | 89,516 |
| 911 Memorial Fund | 350,000 | - | 350,000 |
| Transportation | 319,518 | - | 319,518 |
| Cemetery care | 19,982 | - | 19,982 |
| Pursuant to loan requirements | 12,537 | 130,911 | 143,448 |
| Unrestricted | 1,617,669 | 1,622,265 | 3,239,934 |
| Total net position | $ 5,667,662 | $ 9,768,192 | $ 15,435,854 |

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

Exhibit 2

**Town of Yanceyville**
**Statement of Activities**
**For the Year Ended June 30, 2022**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities | Net (Expense) Revenue and Changes in Net Position – Primary Government: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position – Primary Government: Total |
|---|---|---|---|---|---|---|---|
| **Primary government:** | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | $ 403,768 | $ 24,000 | $ 110,000 | $ - | $ (269,768) | $ - | $ (269,768) |
| Public safety | 324,891 | 2,694 | - | 169,414 | (152,783) | - | (152,783) |
| Transportation | 12,520 | - | 42,583 | - | 30,063 | - | 30,063 |
| Economic and Physical Development | - | - | - | - | - | - | - |
| Cultural and Recreation | 14,116 | - | - | - | (14,116) | - | (14,116) |
| Public works | 110,174 | 27,529 | 1,864 | - | (80,781) | - | (80,781) |
| Total governmental activities (See Note 1) | 865,469 | 54,223 | 154,447 | 169,414 | (487,385) | - | (487,385) |
| Business-type activities: | | | | | | | |
| Water and sewer | 2,145,101 | 1,648,410 | - | - | - | (496,691) | (496,691) |
| Total business-type activities | 2,145,101 | 1,648,410 | - | - | - | (496,691) | (496,691) |
| Total primary government | $ 3,010,570 | $ 1,702,633 | $ 154,447 | $ 169,414 | (487,385) | (496,691) | (984,076) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 310,106 | - | 310,106 |
| Local option sales tax | | | | | 220,574 | - | 220,574 |
| Other taxes | | | | | 123,694 | - | 123,694 |
| Grants and contributions not restricted to specific programs | | | | | 388,906 | - | 388,906 |
| Unrestricted investment earnings | | | | | 3,393 | 19,476 | 22,869 |
| Miscellaneous | | | | | 24,909 | 21,241 | 46,150 |
| Total general revenues not including transfers | | | | | 1,071,582 | 40,717 | 1,112,299 |
| Transfers | | | | | - | - | - |
| Total general revenues and transfers | | | | | 1,071,582 | 40,717 | 1,112,299 |
| Change in net position | | | | | 584,197 | (455,974) | 128,223 |
| Net position, beginning | | | | | 5,083,465 | 10,224,166 | 15,307,631 |
| Net position, ending | | | | | $ 5,667,662 | $ 9,768,192 | $ 15,435,854 |

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

Exhibit 3

**Town of Yanceyville**
**Balance Sheet**
**Governmental Funds**
**June 30, 2022**

| | Major Funds | | | | |
|---|---|---|---|---|---|
| | General | ARPA Fund | 911 Memorial Fund | Total Non-Major Funds | Total Governmental Funds |
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 1,562,537 | $ - | $ - | $ - | $ 1,562,537 |
| Restricted cash | 441,203 | 312,793 | 350,000 | 55,732 | 1,159,728 |
| Receivables, net: | | | - | | |
| Taxes | 23,735 | - | - | - | 23,735 |
| Accounts | 85,515 | - | - | - | 85,515 |
| Due from other funds | 4,000 | - | - | - | 4,000 |
| Total assets | 2,116,990 | 312,793 | 350,000 | 55,732 | 2,835,515 |
| **LIABILITIES** | | | | | |
| Accounts payable and accrued liabilities | 59,845 | - | - | 27,139 | 86,984 |
| Unearned revenues | - | 312,805 | - | | 312,805 |
| Due to other funds | - | - | - | 4,000 | 4,000 |
| Total liabilities | 59,845 | 312,805 | - | 31,139 | 403,789 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Property taxes receivable | 23,735 | - | - | - | 23,735 |
| **FUND BALANCES** | | | | | |
| Restricted | | | | | |
| Stabilization by State Statute | 89,516 | - | - | - | 89,516 |
| 911 Memorial Fund | - | - | 350,000 | | 350,000 |
| Powell Bill | 319,518 | - | - | - | 319,518 |
| Fire Truck Debt Payments | 12,537 | - | - | - | 12,537 |
| Assigned | | | | | |
| Cemetery Care | - | - | - | 19,982 | 19,982 |
| Performance Grant | | | | 4,611 | 4,611 |
| Unassigned | 1,611,839 | (12) | - | - | 1,611,827 |
| Total fund balances | 2,033,410 | (12) | 350,000 | 24,593 | 2,407,991 |
| Total liabilities, deferred inflows of resources and fund balance | $ 2,116,990 | $ 312,793 | $ 350,000 | $ 55,732 | |

(continued)

**Exhibit 3**

**Town of Yanceyville**
**Balance Sheet**
**Governmental Funds**
**June 30, 2022**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

| | | |
|---|---|---|
| Total Fund Balance, Governmental Funds | | $ 2,407,991 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical cost | $ 5,800,062 | |
| Accumulated depreciation | (2,175,661) | 3,624,401 |
| Right to use leased assets used in governmetnal activities are not financial resources and therefore are not reported in the funds. ( Right to use asset - $8,360 less accumulated amortization - $2,597) | | 5,763 |
| Deferred outflows of resources related to pensions are not reported in the funds | | 28,934 |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds. | | 11,877 |
| Earned revenues considered deferred inflows of resources in fund statements | | 23,735 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds | | |
| Installment financing | $ (365,961) | |
| Compensated absences | (3,969) | |
| Lease liability | (5,763) | |
| Net pension liability | (22,193) | |
| Deferred inflows of resources related to pensions are not reported in the funds | (37,153) | |
| Accrued interest | - | (435,039) |
| Net position of governmental activities | | $ 5,667,662 |

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

Exhibit 4

**Town of Yanceyville**
**Statement of Revenues, Expenditures, and Changes in Fund Balance**
**Governmental Funds**
**June 30, 2022**

| | Major Funds | | | Non-Major Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| | General Fund | ARPA Fund | 911 Memorial Fund | Special Revenue | |
| **REVENUES** | | | | | |
| Ad valorem taxes | $ 311,762 | $ - | $ - | $ - | $ 311,762 |
| Other taxes and licenses | 220,574 | - | - | - | 220,574 |
| Unrestricted intergovernmental | 123,694 | - | - | - | 123,694 |
| Restricted intergovernmental | 186,943 | - | 350,000 | 38,906 | 575,849 |
| Sales and services | 190,191 | - | - | - | 190,191 |
| Permits and fees | 450 | - | - | - | 450 |
| Investment earnings | 3,393 | - | - | - | 3,393 |
| Miscellaneous | 24,909 | - | - | - | 24,909 |
| Total revenues | 1,061,916 | - | 350,000 | 38,906 | 1,450,822 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 362,377 | 12 | - | - | 362,389 |
| Public safety | 137,812 | - | - | 27,139 | 164,951 |
| Transportation | 6,626 | - | - | - | 6,626 |
| Economic and physical development | - | - | - | - | - |
| Cultural and recreation | 15,612 | - | - | - | 15,612 |
| Public works | 110,174 | - | - | - | 110,174 |
| Debt service: | | - | - | | |
| Principal | 99,903 | - | - | - | 99,903 |
| Capital outlay | 389,925 | - | - | - | 389,925 |
| Total expenditures | 1,122,429 | 12 | - | 27,139 | 1,149,580 |
| Excess of revenues over expenditures | (60,513) | (12) | 350,000 | 11,767 | 301,242 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfer from other funds | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - |
| Net change in fund balance | (60,513) | (12) | 350,000 | 11,767 | 301,242 |
| Fund balances, beginning, | 2,093,923 | - | - | 12,826 | 2,106,749 |
| Fund balances, ending | $ 2,033,410 | $ (12) | $ 350,000 | $ 24,593 | $ 2,407,991 |

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

(continued)

**Exhibit 4**

**Town of Yanceyville**
**Statement of Revenues, Expenditures, and Changes in Fund Balance**
**Governmental Funds**
**For the Fiscal Year Ended June 30, 2022**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of revenues are different because: | | |
| Net changes in fund balances - total governmental funds | | $ 301,242 |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlay expenditures which were capitalized | $ 389,925 | |
| Depreciation expense for governmental assets | (208,335) | 181,590 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. | | 7,959 |
| Capital Contributions | | 500 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Change in unavailable revenue for tax revenues | | (1,657) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | |
| Principal payments on long-term debt | $ 98,493 | |
| New long-term debt issued | - | |
| Decrease in accrued interest payable | - | 98,493 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences | | (215) |
| Pension expense | | (3,715) |
| Total changes in net position of governmental activities | | $ 584,197 |

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

**Exhibit 5**

**Town of Yanceyville**
**General Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended June 30, 2022**

| | General Fund | | | |
|---|---|---|---|---|
| | Budget | | | Variance with Final Budget - Positive (Negative) |
| | Original | Final | Actual Amounts | |
| Revenues: | | | | |
| Ad valorem taxes | $ 327,000 | $ 327,500 | $ 311,762 | $ (15,738) |
| Other taxes and licenses | 170,000 | 170,000 | 220,574 | 50,574 |
| Unrestricted intergovernmental | 118,500 | 118,500 | 123,694 | 5,194 |
| Restricted intergovernmental | 137,700 | 247,200 | 186,943 | (60,257) |
| Permits and fees | 500 | 500 | 450 | (50) |
| Sales and services | 174,800 | 174,800 | 190,191 | 15,391 |
| Investment earnings | 6,000 | 6,000 | 3,393 | (2,607) |
| Miscellaneous | 1,000 | 1,000 | 24,909 | 23,909 |
| Total revenues | 935,500 | 1,045,500 | 1,061,916 | 16,416 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 477,850 | 874,407 | 686,084 | 188,323 |
| Transportation | 49,000 | 49,000 | 12,520 | 36,480 |
| Public works | 112,500 | 112,500 | 110,174 | 2,326 |
| Public safety | 214,150 | 209,150 | 198,136 | 11,014 |
| Cultural and recreation | 7,000 | 47,000 | 15,612 | 31,388 |
| Debt service: | | | | |
| Principal retirement | 75,000 | 105,000 | 99,903 | 5,097 |
| Total expenditures | 935,500 | 1,397,057 | 1,122,429 | 274,628 |
| Revenues and other sources over (under) expenditures | - | (351,557) | (60,513) | 291,044 |
| Other financing sources | | | | |
| Financing agreement obligations issued | - | 351,557 | - | (351,557) |
| Fund balance, appropriated | - | - | - | - |
| Net change in fund balance | $ - | $ - | (60,513) | $ (60,513) |
| Fund balance, beginning | | | 2,093,923 | |
| Fund balance, ending | | | $ 2,033,410 | |

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

**Exhibit 6**

**Town of Yanceyville**
**Statement of Fund Net Position**
**Proprietary Funds**
**June 30, 2022**

| | Enterprise Fund Water and Sewer Fund | Total |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,684,349 | $ 1,684,349 |
| Accounts receivable (net) - billed | 367,295 | 367,295 |
| Bond discount | 11,012 | 11,012 |
| Restricted cash and cash equivalents | 1,760 | 1,760 |
| Total current assets | 2,064,416 | 2,064,416 |
| Noncurrent assets: | | |
| Right to use lease asset - net of amortization | 5,763 | 5,763 |
| Capital assets: | | |
| Land and other non-depreciable assets | 198,178 | 198,178 |
| Other capital assets, net of depreciation | 9,981,075 | 9,981,075 |
| Capital assets | 10,179,253 | 10,179,253 |
| Total noncurrent assets | 10,185,016 | 10,185,016 |
| Total assets | 12,249,432 | 12,249,432 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension deferrals | 71,068 | 71,068 |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 141,206 | 141,206 |
| Accrued interest payable | 73,212 | 73,212 |
| Compensated absences | 10,418 | 10,418 |
| Customer deposits | 1,761 | 1,761 |
| Lease liability | 2,914 | 2,914 |
| Revenue bonds payable | 157,265 | 157,265 |
| Total current liabilities | 386,776 | 386,776 |
| Noncurrent liabilities: | | |
| Compensated abesences | 10,417 | 10,417 |
| Net pension liability | 54,333 | 54,333 |
| Lease liability | 2,849 | 2,849 |
| Revenue bonds payable | 2,006,972 | 2,006,972 |
| Total noncurrent liabilities | 2,074,571 | 2,074,571 |
| Total liabilities | 2,461,347 | 2,461,347 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension deferrals | 90,961 | 90,961 |
| **NET POSITION** | | |
| Net investment in capital assets | 8,015,016 | 8,015,016 |
| Water Line Debt Payment Reserve | 27,960 | 27,960 |
| Water Line Short-Lived Asset Reserve | 102,951 | 102,951 |
| Unrestricted | 1,622,265 | 1,622,265 |
| Total net position | $ 9,768,192 | $ 9,768,192 |

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

**Exhibit 7**

**Town of Yanceyville**
**Statement of Revenues, Expenses, and Changes in Fund Net Position**
**Proprietary Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Enterprise Fund Water and Sewer Fund | Total |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for services | $ 1,556,938 | $ 1,556,938 |
| Late fees | 9,394 | 9,394 |
| Tappage fees | 82,078 | 82,078 |
| Other operating revenues | 21,241 | 21,241 |
| Total operating revenues | 1,669,651 | 1,669,651 |
| **OPERATING EXPENSES** | | |
| Maintenance | 869,572 | 869,572 |
| Collection and distribution | 199,317 | 199,317 |
| Utilities | 136,949 | 136,949 |
| Salaries and benefits | 287,037 | 287,037 |
| Other water and sewer expenses | 228,661 | 228,661 |
| Depreciation | 346,532 | 346,532 |
| Total operating expenses | 2,068,068 | 2,068,068 |
| Operating loss | (398,417) | (398,417) |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Investment income | 19,476 | 19,476 |
| Interest expense | (73,212) | (73,212) |
| Amortization of bond discount | (3,821) | (3,821) |
| Total nonoperating expenses | (57,557) | (57,557) |
| Loss before contributions | (455,974) | (455,974) |
| Transfer to general fund | - | - |
| Change in net position | (455,974) | (455,974) |
| Total net position, beginning | 10,224,166 | 10,224,166 |
| Total net position, ending | $ 9,768,192 | $ 9,768,192 |

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

**Exhibit 8**

**Town of Yanceyville**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Enterprise Fund Water and Sewer Fund | Total |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash received from customers | $ 1,668,428 | $ 1,668,428 |
| Cash paid for goods and services | (1,313,007) | (1,313,007) |
| Cash paid to or on behalf of employees for services | (285,839) | (285,839) |
| Customer deposits returned | (29) | (29) |
| Net cash provided by operating activities | 69,553 | 69,553 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Acqusition and construction of capital assets | (87,600) | (87,600) |
| Principal paid on bond maturities | (151,987) | (151,987) |
| Principal paid on loan | (2,598) | (2,598) |
| Interest and fees paid on debt maturities | (72,980) | (72,980) |
| Net cash used by capital and related financing activities | (315,165) | (315,165) |
| **CASH FLOWS PROVIDED BY INVESTING ACTIVITIES** | | |
| Interest on investments | 19,476 | 19,476 |
| Net decrease in cash and cash equivalents | (226,136) | (226,136) |
| Balances, beginning | 1,912,245 | 1,912,245 |
| Balances, ending | $ 1,686,109 | $ 1,686,109 |

(continued)

**Exhibit 8**

**Town of Yanceyville**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Fiscal Year Ended June 30, 2022**

| | Enterprise Fund Water and Sewer Fund | Total |
|---|---|---|
| Reconciliation of operating loss to net cash provided by operating activities | | |
| Operating income | $ (398,417) | $ (398,417) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 346,532 | 346,532 |
| Changes in assets and liabilities | | |
| (Increase) in accounts receivables | (1,224) | (1,224) |
| (Increase) in deferred inflows of resources for pension | (660) | (660) |
| Increase in accounts payable and accrued liabilities | 121,493 | 121,493 |
| (Decrease) in accrued vacation pay | (514) | (514) |
| (Decrease) in customer deposits | (29) | (29) |
| Increase in net pension liability | (81,743) | (81,743) |
| Increase in deferred outflows of resources for pensions | 84,115 | 84,115 |
| Total adjustments | 467,970 | 467,970 |
| Net cash provided by operating activities | $ 69,553 | $ 69,553 |

Town of Yanceyville, North Carolina
Notes To The Financial Statements
For the Fiscal Year Ended June 30, 2022

## I. Summary of Significant Accounting Policies

The accounting policies of the Town of Yanceyville 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 Yanceyville is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town.

### B. Basis of Presentation

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

**American Rescue Plan Fund.** This fund accounts for the transactions related to the American Rescue Plan Funds.

**911 Memorial Fund.** This fund accounts for the transactions related to the 911 Memorial Capital Project.

The Town reports the following non-major governmental funds:

**Cemetery Fund.** This fund is used to account for perpetual care of the Town's cemetery.

**Performance Grant Fund.** This fund is used to account for transactions related to Performance Grants.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donation 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 revenue of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing resources.

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Yanceyville because the tax is levied by Caswell 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 are both restricted and unrestricted net positions 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. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing body and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted. The Cemetery Fund prepares a budget when incurring expenditures.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2022, the Term portfolio has a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

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 outlined in G.S. 136-41.1 through 136-41.4.

Town of Yanceyville Restricted Cash

| | |
|---|---|
| Governmental Activities | |
| General Fund | |
| Streets | $ 331,203 |
| ARPA | 312,793 |
| Performance Grant | 31,750 |
| 911 Memorial Fund | 350,000 |
| CARES Act | 110,000 |
| Cemetery | 23,982 |
| Total governmental activities | $ 1,159,728 |
| Business-type Activities | |
| Water and Sewer | |
| Customer Deposits | 1,760 |
| Total Business-type Activities | $ 1,760 |
| Total Restricted Cash | $ 1,161,488 |

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, $20,000; buildings, improvements, substations, lines, and other plant and distribution systems, $20,000; infrastructure, $20,000; vehicle and equipment, $5,000; computer software, $5,000 and computer equipment, $500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated

capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

| Asset Class | Estimated Useful Lives |
|---|---|
| Buildings | 50 |
| Infrastructure | 50 |
| Equipment | 10 |
| Computer equipment | 3 |
| Computer software | 5 |
| Vehicles and equipment | 5 |
| Substations, lines and related equipment | 40 |
| Other improvements | 25 |

8. Right to use assets

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Deferred Outflows /Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *Deferred Inflows of Resources*, represents 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 criteria for this category – property taxes receivable and pension deferrals.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of

net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are

reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expense over the life of the debt.

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

11. Compensated Absences

The vacation policy of the Town 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 and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policies 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 the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. 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 balance 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.

Reserved 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 Statue (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 statue". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipt, 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 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.

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

Assigned Fund Balance – portion of fund balance that the Town of Yanceyville intends to use for specific purposes.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to $100,000.

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 Yanceyville 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 and 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.

The Town of Yanceyville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available

fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

13. Defined Benefit Cost-Sharing Plans

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported to FRSWPF. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Town's deposits had a carrying amount of $4,393,790 and a bank balance of $4,427,065. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled $600.

2. Investments

At June 30, 2022, the Town of Yanceyville had $13,984 invested with the North Carolina Capital Management's Trust Government Portfolio which carried a credit rating of AAAm by Standard and Poor's (S&P) as of June 30, 2022. The Town has no policy regarding credit risk. The Town does not have a formal investment policy.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

| Fund | |
|---|---|
| General Fund: | |
| Taxes receivable | $ 1,596 |
| Enterprise Fund: | |
| Water and sewer fund – accounts receivable | 60,293 |
| Total | $ 61,889 |

4. Capital Assets

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| **Capital assets not being depreciated:** | | | | |
| Construction in progress | $ 119,899 | $ 98,628 | $ - | $ 218,527 |
| Art collection | 190,350 | - | - | 190,350 |
| Land | 589,996 | 263,368 | - | 853,364 |
| Total capital assets not being depreciated | 900,245 | 361,996 | - | 1,262,241 |
| **Capital assets being depreciated:** | | | | |
| Buildings | 1,667,192 | - | - | 1,667,192 |
| Infrastructure | 724,714 | - | - | 724,714 |
| Equipment | 911,034 | 28,429 | 38,987 | 900,476 |
| Vehicles | 1,263,108 | - | 17,669 | 1,245,439 |
| Total capital assets being depreciated | 4,566,048 | 28,429 | 56,656 | 4,537,821 |

| | | | | |
|---|---|---|---|---|
| **Less accumulated depreciation for:** | | | | |
| Buildings | 373,995 | 33,417 | - | 407,412 |
| Infrastructure | 87,218 | 18,272 | - | 105,490 |
| Equipment | 595,397 | 56,243 | 38,987 | 612,653 |
| Vehicles | 967,372 | 100,403 | 17,669 | 1,050,106 |
| Total accumulated depreciation | 2,023,982 | 208,335 | 56,656 | 2,175,661 |
| Total capital assets being depreciated, net | 2,542,066 | | | 2,362,160 |
| **Governmental activity capital assets, net** | $ 3,442,311 | | | $ 3,624,401 |

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

| | |
|---|---|
| General government | $ 43,996 |
| Public safety | 159,941 |
| Transportation | - |
| Cultural and recreation | 4,398 |
| Total depreciation expense | $ 208,335 |

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Business-type activities:** | | | | |
| **Water and Sewer Fund** | | | | |
| **Capital assets not being depreciated:** | | | | |
| Construction in progress | $ 138,345 | $ 40,426 | $ - | $ 178,771 |
| Land | 19,407 | - | - | 19,407 |
| Total capital assets not being depreciated | 157,752 | 40,426 | - | 198,178 |
| **Capital assets being depreciated:** | | | | |
| Buildings | 627,039 | - | - | 627,039 |
| Plant and distribution system | 15,743,848 | 87,600 | - | 15,831,448 |
| Equipment and vehicles | 800,007 | - | 249,691 | 550,316 |
| Improvements | 308,011 | - | - | 308,011 |
| Total capital assets being depreciated | 17,478,905 | 87,600 | - | 17,316,814 |

| | | | | |
|---|---|---|---|---|
| **Less accumulated depreciation for:** | | | | |
| Buildings | 280,758 | 12,523 | - | 293,281 |
| Plant and distribution system | 6,212,087 | 298,140 | - | 6,510,227 |
| Equipment and vehicles | 655,358 | 27,847 | 249,691 | 433,514 |
| Improvements | 90,695 | 8,022 | - | 98,717 |
| Total accumulated depreciation | 7,238,898 | 346,532 | 249,691 | 7,335,739 |
| Total capital assets being depreciated, net | 10,240,007 | | | 9,981,075 |
| **Business-type activity capital assets, net** | $ 10,397,759 | | | $ 10,179,253 |

5. Right to Use Lease Assets

The Town has recorded 2 right to use lease assets. The assets are right to use assets for lease equipment. The related leases are discussed on the Leases subsection of the Liabilities section of this note. The right to use lease asset is amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Governmental activities for the year ended June 30, 2022 was an increase of $8,360 less amortization of $2,597 resulting in an ending balance of $5,763.

Right to use asset activity for the Business-Type activities for the year ended June 30, 2022, was an increase of $8,360 less amortization of $2,597 resulting in an ending balance of $5,763.

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employees' Retirement System

*Plan Description.* The Town of Yanceyville is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating 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 thirteen 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 the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (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.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Yanceyville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Yanceyville's contractually required contribution rate for the year ended June 30, 2022, was 11.38% 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 of Yanceyville were $27,444 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Town reported a liability of $76,526 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The

Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll

covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the Town's proportion was 0.00499%, which was a decrease of 0.00061% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of $25,344. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 24,346 | $ - |
| Changes of assumptions | 48,078 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 109,333 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 134 | 18,781 |
| Town contributions subsequent to the measurement date | 27,444 | - |
| Total | $ 100,002 | $ 128,114 |

$27,444 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension asset in the year ended June 30, 2023.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2023 | $ (9,613) |
| 2024 | (12,441) |
| 2025 | (33,457) |
| 2026 | - |
| 2027 | - |
| Thereafter | - |

*Actuarial Assumptions*. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal

rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate*. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

| | **1% Decrease (5.500%)** | **Discount Rate (6.500%)** | **1% Increase (7.50%)** |
|---|---|---|---|
| Town's proportionate share of the net pension liability (asset) | $ 297,069 | $ 76,526 | ($ 104,967) |

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

b. Law Enforcement Officers Special Separation Allowance

As of July 1, 2009, the police department was disbanded and consolidated with the Caswell County Sheriff's department. Therefore, the town is no longer obligated to fund the law enforcement officer's special separation allowance.

***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 | Total |
|---|---|---|
| Pension Expense | $ 25,344 | $ 25,344 |
| Pension Liability | 76,526 | 76,526 |
| Proportionate share of the net pension liability | 0.00499% | |
| | | |
| Deferred of Outflows of Resources | | |
| Differences between expected and actual experience | 24,346 | 24,346 |
| Changes of assumptions | 48,078 | 48,078 |
| Net difference between projected and actual earnings on plan investments | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 134 | 134 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 27,444 | 27,444 |
| | | |
| Deferred of Inflows of Resources | | |
| Differences between expected and actual experience | - | - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on plan investments | 109,333 | 109,333 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 18,781 | 18,781 |

c. Supplemental Retirement Income Plan

*Plan Description.* The Town 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. 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 is included in the State's Annual Comprehensive Financial Report for the State of North Carolina.

The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. 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.* General employees may contribute to the Supplemental Retirement Income plan. The contributions made by general employees for the year ended June 30, 2022 were $1,160.

d. Firefighter's and Rescue Squad Worker's Pension Fund

*Plan Description.* The State of North Carolina contributes, on behalf of the Town of Yanceyville, to the Firefighter's and Rescue Squad Worker's Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad

workers that have elected to become members of the fund. Article 86 of G.S. 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 Squad Worker's Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at www.osc.nc.gov.

*Benefits Provided.* FRSWPF provides retirement and survivor benefits. The present retirement benefit is $170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

*Contributions.* Plan members are required to contribute $10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2022, the State contributed $19,002,000 to the plan. The Town of Yanceyville's proportionate share of the State's contribution is $13,863.

*Refunds of Contributions* – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2022, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension asset that was associated with the Town and supported by the State was $20,378. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2022 and at June 30, 2021 was 0%.

For the year ended June 30, 2022, the Town recognized pension expense of $2,244 and revenue of $2,244 for support provided by the State. At June 30, 2022, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

*Actuarial Assumptions*. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | Not applicable |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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

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

2. Other Employment Benefits

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

For the fiscal year ended June 30, 2022, the Town made contributions to the State for death benefits of $105. The Town's required contributions for employees not engaged in law enforcement represented 0.04% of covered payroll.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

| Sources | Amount |
|---|---|
| Differences between expected and actual experience | $ 24,346 |
| Changes in assumptions | 48,078 |
| Net difference between projected and actual earnings on plan investments | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 134 |
| Benefit payments and administrative cost paid subsequent to measurement date | 27,444 |
| Total | $ 100,002 |

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

| | Statement of Net Position | General Fund Balance Sheet |
|---|---|---|
| Taxes receivable, less penalties (General Fund) | $ - | $ 23,735 |
| Differences between expected and actual experience | 109,333 | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 18,781 | - |
| Total | $ 128,114 | $ 23,735 |

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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 $1 million per occurrence, property coverage up to the total insured values of the property policy, worker's compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the town upon request.

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

The Town's property coverage through the North Carolina League of Municipalities includes insurance against losses from floods.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and town clerk/tax collector are individually bonded for $52,000. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

5. Claims, Judgments, and Contingent Liabilities

According to the Town's attorney, there are no suits pending against the Town that would materially affect the financial statements.

6. Long-Term Obligations

a. Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on August 23, 2019, to lease copier equipment and requires 63 monthly payments of $379.83. As a result of the lease, the Town has recorded a right to use asset with a net book value of $1,271 at June 30, 2022. The right to use asset is discussed in more detail in Section A-8 of this note.

The second agreement was executed on November 27, 2019, to lease postal equipment and requires 48 monthly payments of $70.60. As a result of the lease, the Town has recorded a right to use lease asset with a net book value of $10,255 at June 30, 2022. The right to use asset is discussed more in detail in Section A-8 of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 5,829 | $ - | $ 5,829 |
| 2024 | 4,558 | - | 4,558 |
| 2025 | 1,139 | - | 1,139 |
| | $ 11,526 | $ - | $ 11,526 |

b. Installment Purchase Agreements & Other Financing Agreements

Serviced by General Fund:

In September 2015, the Town entered into a $750,000 financing agreement. The proceeds from the financing agreement were used to pay the construction loan. The agreement requires ten annual principal payments only of $75,000 beginning June 2016.

In October 2018, the Town entered into a $234,933 loan agreement to purchase a fire truck. The agreement requires ten annual principal payments only of $23,493 beginning February 2019.

Annual debt service payments of these installment purchase agreements as of June 30, 2022, are as follows:

| | Governmental Activities | | Business-type Activities | |
|---|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Principal | Interest |
| 2023 | $ 98,493 | $ - | $ - | $ - |
| 2024 | 98,493 | - | - | |
| 2025 | 98,493 | - | - | - |
| 2026 | 23,493 | - | - | - |
| 2027 | 23,494 | - | - | - |
| Thereafter | 23,494 | - | - | - |
| | $ 365,960 | $ - | $ - | $ - |

c. Revenue Bonds

Revenue bonds payable at June 30, 2022 are comprised of the following individual issues:

Serviced by the Water and Sewer Fund:

$2,706,673 Water and Sewer Revenue Bonds issued for refinancing of the USDA bonds. Principal installments are due annually on June 1 with annual interest payments due at an annual interest rate of 3.62%. On June 18, 2013 the town refinanced these bonds with BB&T to lower the interest rate

| | |
|---|---|
| to 3.62%. This resulted in a bond discount of $22,206 that will be amortized over the life of the bonds. The refinancing resulted in a savings of $1,004,944 in interest. | $ 1,574,237 |
| $673,000 Water and Sewer Revenue Bond issued for refinancing of BB&T Bond Anticipation Note. Principal installments are due annually on June 1 with annual interest payments due at annual interest rate of 2.75% | 590,000 |
| | $ 2,164,237 |

The Town's revenue bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. The principal and interest on the bonds are payable from the revenues of the Water and Sewer System. The taxing power of the Town is not pledged for the payment of the principal or interest on the revenue bonds. Principal and interest requirements are appropriated when due.

The future payments of the revenue bonds for the years ending June 30, 2022 are as follows:

| | Business Type Activities | |
|---|---|---|
| Year Ending June 30 | Principal | Interest |
| 2023 | $ 157,265 | $ 73,212 |
| 2024 | 161,667 | 67,624 |
| 2025 | 166,093 | 61,876 |
| 2026 | 159,745 | 55,968 |
| 2027 | 162,006 | 50,299 |
| Thereafter | 1,357,461 | 319,066 |
| | $ 2,164,237 | $ 628,045 |

The Town is in compliance with the covenants as to rates, fees, rentals, charges and debt service coverage ratio. The Town has pledged water and sewer customer revenues, net of specified expenses, to pay the water and sewer fee revenue bonds. The bonds are payable solely from water and sewer fee customer net revenues. Related principal and interest paid for the current year are $230,605 or 0% of available net revenues of $0.

| | |
|---|---|
| Operating revenues | $1,669,651 |
| Operating expenses* | 1,721,536 |
| Operating loss | 51,885 |
| Nonoperating revenues (expenses)** | 15,655 |
| Income available for debt service | - |
| Debt service, principal and interest paid (Revenue bond only) | 230,605 |
| Debt service coverage ratio | 0% |

*Per rate covenants, this does not include the deprecation expense of $346,532
**Per rate covenants, this does not include revenue bond interest paid of $73,212

At June 30, 2022, the Town of Yanceyville had a legal debt margin of $7,139,615

c. Changes in Long-Term Liabilities

| Governmental activities: | Balance July 1, 2021 | Increases | Decreases | Balance June 30,2022 | Curent Portion of Balance |
|---|---|---|---|---|---|
| Other financing agreements | $ 464,454 | $ - | $ 98,493 | $ 365,961 | $ 98,493 |
| Lease liability | - | 8,360 | 2,597 | 5,763 | 2,915 |
| Compensated absences | 4,184 | 929 | 1,144 | 3,969 | 1,985 |
| Net pension liability (LGERS) | 64,036 | - | 41,843 | 22,193 | - |
| Governmental activity long-term liabilities | $ 532,674 | $ 9,289 | $ 144,077 | $ 397,886 | $ 103,393 |
| Business-type activities: | | | | | |
| Compensated absences | $ 21,351 | $ 5,491 | $ 6,007 | 20,835 | $ 10,418 |
| Revenue bonds | 2,316,224 | - | 151,987 | 2,164,237 | 157,265 |
| Net pension liability (LGERS) | 136,076 | - | 81,743 | 54,333 | - |
| Lease liability | - | 8,360 | 2,597 | 5,763 | 2,914 |
| Business-type activity long-term liabilities | $ 2,473,651 | $ 13,851 | $ 242,334 | $ 2,245,168 | $ 170,597 |

C. Interfund Balances and Activity

There were no internal funds at June 30, 2022.

D. On-Behalf Payments for Fringe Benefits and Salaries

The Town has recognized as a revenue and an expenditure payment for fringe benefits and salaries of $2,244 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year-ended June 30, 2022. Under state law the local board of trustees for the fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

| | Governmental | Business-type |
|---|---|---|
| Capital Assets | $ 3,624,401 | $ 10,179,253 |
| Less: Long-term Debt | 365,961 | 2,164,237 |
| Net Investment in Capital Asset | $ 3,258,440 | $ 8,015,016 |

F. Fund Balances

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

| | | |
|---|---|---|
| ***Total fund balance – General Fund*** | $ | **2,033,410** |
| Less: | | |
| Stabilization by State Stature | | 89,516 |
| Streets – Powell Bill | | 319,518 |
| Fire Truck Debt Payments | | 12,537 |
| Public Safety | | - |
| Remaining Fund Balance | $ | 1,611,839 |

The Town of Yanceyville has adopted a minimum fund policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

IV. Jointly Governed Organizations

The Town, in conjunction with seven counties and thirty-eight other municipalities established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of $550 to the Council during the fiscal year ended June 30, 2022.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from 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 monies 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 monies.

VI. Significant Effects of Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2022 and May 31, 2023, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

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

**Local Government Employees' Retirement System**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Yanceyville's proportion of the net pension liability (asset) (%) | 0.0050% | 0.0050% | 0.0050% | 0.0050% | 0.0050% |
| Yanceyville's proportion of the net pension liability (asset) ($) | $76,526 | $200,112 | $154,843 | $134,749 | $75,928 |
| Yanceyville's covered-employee payroll | $267,244 | $343,120 | $325,708 | $271,495 | $295,271 |
| Yanceyville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 28.64% | 58.32% | 47.54% | 49.63% | 25.71% |
| Plan fiduciary net position as a percentage of the total pension liability** | 91.63% | 91.63% | 94.18% | 91.47% | 98.09% |

| | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Yanceyville's proportion of the net pension liability (asset) (%) | 0.0049% | 0.0044% | 0.0029% | 0.0039% |
| Yanceyville's proportion of the net pension liability (asset) ($) | $104,633 | $19,837 | ($17,221) | $47,010 |
| Yanceyville's covered-employee payroll | $271,495 | $237,964 | $232,354 | $215,927 |
| Yanceyville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 38.54% | 8.34% | -7.41% | 21.77% |
| Plan fiduciary net position as a percentage of the total pension liability** | 99.07% | 102.64% | 94.35% | 96.45% |

* 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 Yanceyville, North Carolina**
**Town of Yanceyville's Contributions**
**Required Supplementary Information**
**Last Nine Fiscal Years**

**Local Government Employees' Retirement System**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 34,851 | $ 29,181 | $ 23,439 | $ 22,145 | $ 22,145 |
| Contributions in relation to the contractually required contribution | 27,444 | 34,851 | 29,281 | 23,439 | 22,145 |
| Contribution deficiency (excess) | $ 7,407 | $ (5,670) | $ (5,842) | $ (1,294) | $ - |
| Yanceyville's covered-employee payroll | $267,244 | $343,120 | $325,708 | $271,495 | $295,271 |
| Contributions as a percentage of covered-employee payroll | 10.27% | 10.16% | 8.99% | 8.63% | 7.50% |

| | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|
| Contractually required contribution | $ 19,683 | $ 15,872 | $ 16,427 | $ 15,266 |
| Contributions in relation to the contractually required contribution | 19,683 | 15,872 | 16,427 | 15,266 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Yanceyville's covered-employee payroll | $271,495 | $237,964 | $232,354 | $ 215,927 |
| Contributions as a percentage of covered-employee payroll | 7.25% | 6.67% | 7.07% | 7.07% |

**Town of Yanceyville, North Carolina**
**Town of Yanceyville's Proportionate Share of Net Pension Liability**
**Required Supplementary Information**
**Last Eight Fiscal Years ***

**Firefighters' and Rescue Squad Workers' Pension**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Yanceyville's proportionate share of the net pension liability (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Yanceyville's proportionate share of the net pension liability ($) | $ - | $ - | $ - | $ - | $ - |
| State's proportionate share of the net pension liability associated with Town of Yanceyville | (20,378) | 29,690 | 31,434 | 11,271 | 8,753 |
| Total | $ (20,378) | $ 29,690 | $ 31,434 | $ 11,271 | $ 8,753 |
| Yanceyville's covered-employee payroll | N/A | N/A | N/A | N/A | N/A |
| Yanceyville's proportionate share of the net pension liability as a percentage of its covered-employee payroll | N/A | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 89.69% | 89.69% | 89.35% | 84.94% | 91.40% |

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Yanceyville's proportionate share of the net pension liability (%) | 0.00% | 0.00% | 0.00% |
| Yanceyville's proportionate share of the net pension liability ($) | $ - | $ - | $ - |
| State's proportionate share of the net pension liability associated with Town of Yanceyville | 9,466 | 2,294 | 8,298 |
| Total | $ 9,466 | $ 2,294 | $ 8,298 |
| Yanceyville's covered-employee payroll | N/A | N/A | N/A |
| Yanceyville's proportionate share of the net pension liability as a percentage of its covered-employee payroll | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 93.42% | 92.76% | 91.45% |

* The amounts presented for the prior fiscal year.

**Town of Yanceyville, North Carolina**
**General Fund**
**Balance Sheet**
**June 30, 2022**

| | |
|---|---|
| ASSETS | |
| Cash and cash equivalents | $ 1,562,537 |
| Receivables (net): | |
| Taxes | 23,735 |
| Accounts | 85,515 |
| Restricted cash | 441,203 |
| Due from cemetery fund | 4,000 |
| Total assets | $ 2,116,990 |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES: | |
| Accounts payable and accrued liabilities | $ 59,845 |
| Deferred revenue | 23,735 |
| Total liabilities | 83,580 |
| FUND BALANCES: | |
| Restricted: | |
| Reserved by State Statute | 89,516 |
| Reserved for Powell bill | 319,518 |
| Reserved for Fire Truck Debt Payments | 12,537 |
| Unassigned | 1,611,839 |
| Total fund balances | 2,033,410 |
| Total liabilities and fund balances | $ 2,116,990 |

**Town of Yanceyville, North Carolina**
**General Fund**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget and Actual**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | | $ 305,309 | |
| Prior year | | 4,771 | |
| Motor vehicles | | - | |
| Penalties and interest | | 1,682 | |
| Total | $ 327,500 | 311,762 | $ (15,738) |
| Other taxes and licenses: | | | |
| Local option sales tax | | 220,574 | |
| Total | 170,000 | 220,574 | 50,574 |
| Unrestricted intergovernmental: | | | |
| Beverage tax | | 7,676 | |
| Utility franchise tax | | 116,018 | |
| Total | 118,500 | 123,694 | 5,194 |
| Permits and fees: | | | |
| Zoning fees | | 450 | |
| Total | 500 | 450 | (50) |
| Sales and services: | | | |
| Facility rental | | 24,000 | |
| Solid waste fee | | 27,529 | |
| Yanceyville Fire Dept. | | 138,662 | |
| Total | 174,800 | 190,191 | 15,391 |
| Restricted intergovernmental | | | |
| Powell Bill allocation | | 42,583 | |
| Solid waste disposal tax | | 1,864 | |
| Dan River Foundation grant | | 882 | |
| Cares act | | 110,000 | |
| On-behalf of payments - Fire | | 2,244 | |
| Veterans Memorial contribution | | 3,137 | |
| FEMA SAFER grant | | 16,636 | |
| NC Fire Fighter grant | | 9,597 | |
| Total | 247,200 | 186,943 | (60,257) |

(continued)

**Town of Yanceyville, North Carolina**
**General Fund**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget and Actual**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Investment earnings | 6,000 | 3,393 | (2,607) |
| Other: | | | |
| Miscellaneous | 1,000 | 24,909 | 23,909 |
| Total Revenues | 1,045,500 | 1,061,916 | 16,416 |
| Expenditures: | | | |
| General government: | | | |
| Governing body: | | | |
| Salaries & employee benefits | | 30,597 | |
| Total governing body | 31,100 | 30,597 | 503 |
| Administration: | | | |
| Salaries & employee benefits | | 70,742 | |
| Operating expenditures | | 446,356 | |
| Professional services | | 71,845 | |
| Capital outlay | | 66,544 | |
| Total administration | 843,307 | 655,487 | 187,820 |
| Total general government | 874,407 | 686,084 | 188,323 |

(continued)

**Town of Yanceyville, North Carolina**
**General Fund**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget and Actual**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Public safety: | | | |
| Fire department: | | | |
| Operating expenditures | | 34,222 | |
| Capital outlay | | 163,914 | |
| Total public safety | 209,150 | 198,136 | 11,014 |
| Transportation: | | | |
| Powell Bill expenditures | | 12,520 | |
| Total transportation | 49,000 | 12,520 | 36,480 |
| Public works: | | | |
| Street lighting | | 38,248 | |
| Refuse collection | | 70,942 | |
| Operating expenditures | | 984 | |
| Total public works | 112,500 | 110,174 | 2,326 |
| Cultural & recreation: | | | |
| Operating expenditures | | 15,612 | |
| Total cultural & recreation | 47,000 | 15,612 | 31,388 |

(continued)

**Town of Yanceyville, North Carolina**
**General Fund**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**
**Budget and Actual**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Debt service: | | | |
| Principal | 105,000 | 99,903 | |
| Total debt service | 105,000 | 99,903 | 5,097 |
| Total expenditures | 1,397,057 | 1,122,429 | 274,628 |
| Revenues over (under) expenditures | (351,557) | (60,513) | $ 291,044 |
| Fund balance appropriated | 351,557 | | |
| Net change in fund balance | $ - | | |
| Fund balance, beginning, previously reported | | 2,093,923 | |
| Fund balance, ending | | $ 2,033,410 | |

**Town of Yanceyville, North Carolina**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**Special Revenue Fund -American Rescue Plan Act ( ARPA) Fund**
**From Inception and for the Fiscal Year Ended June 30, 2022**

| | Project Author-ization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| ARPA Funds | 312,805 | $ - | $ - | $ - | $ 312,805 |
| Expenditures: | | | | | |
| Fees | $ - | $ - | $ 12 | $ 12 | $ (12) |
| Equipment | 312,805 | | | | |
| Total expenditures | 312,805 | - | 12 | 12 | (12) |
| Revenues over expenditures | $ - | $ - | (12) | $ (12) | $ (12) |
| Revenues and other sources over (under) expenditures and other uses | $ - | $ - | (12) | $ (12) | $ (12) |
| Fund balance, beginning | | | - | | |
| Fund balance, ending | | | $ (12) | | |

**Town of Yanceyville, North Carolina**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**Capital Project Fund - 911 Memorial**
**From Inception and for the Fiscal Year Ended June 30, 2022**

| | Project Author-ization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| SCIF Grant | $ 350,000 | $ - | $ 350,000 | $ 350,000 | $ - |
| Total revenue | 350,000 | - | 350,000 | 350,000 | - |
| Expenditures: | | | | | |
| Special Project | 350,000 | - | - | - | (350,000) |
| Total expenditures | 350,000 | - | - | - | (350,000) |
| Revenues over expenditures | - | - | 350,000 | 350,000 | 350,000 |
| Revenues and other sources over (under) expenditures and other uses | $ - | $ - | 350,000 | $ 350,000 | $ 350,000 |
| Fund balance, beginning | | | - | | |
| Fund balance, ending | | | $ 350,000 | | |

**Town of Yanceyville, North Carolina**
**Nonmajor Governmental Funds**
**Combining Balance Sheet**
**For the Fiscal Year Ended June 30, 2022**

| | Performance Grant | Cemetary Fund | Totals |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 31,750 | $ 23,982 | $ 55,732 |
| Total assets | $ 31,750 | $ 23,982 | $ 55,732 |
| **Liabilities and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | $ 27,139 | $ - | $ 27,139 |
| Due to other funds | - | 4,000 | 4,000 |
| Total liabilities | 27,139 | 4,000 | 31,139 |
| Fund balances: | | | |
| Restricted | | | |
| Preformance Grant | 4,611 | - | 4,611 |
| Cemetary Care | - | 19,982 | 19,982 |
| Total fund balances | 4,611 | 19,982 | 24,593 |
| Total liabilities and fund balances | $ 31,750 | $ 23,982 | $ 55,732 |

**Town of Yanceyville, North Carolina**
**Nonmajor Funds**
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances**
**For the Fiscal Year Ended June 30, 2022**

| | Performance Grant Fund | Cemetary Fund | Total Nonmajor Governemental Funds |
|---|---|---|---|
| Revenues: | | | |
| Restricted intergovernmental | | | |
| Grant Revenue | $ 31,750 | $ 4,356 | $ 36,106 |
| Lot Sales | - | 2,800 | 2,800 |
| Total revenues | 31,750 | 7,156 | 38,906 |
| Expenditures: | | | |
| Equipment | 27,139 | - | 27,139 |
| Total expenditures | 27,139 | - | 27,139 |
| Revenues over expenditures | 4,611 | 7,156 | 11,767 |
| Fund balance, beginning | - | 12,826 | 12,826 |
| Fund balance, ending | $ 4,611 | $ 19,982 | $ 24,593 |

**Town of Yanceyville, North Carolina**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**Special Revenue Fund - Performance Grant**
**From Inception and for the Fiscal Year Ended June 30, 2022**

| | Project Author-ization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| Grant Revenue | $ 31,750 | $ - | $ 31,750 | $ 31,750 | - |
| Expenditures: | | | | | |
| Equipment | 31,750 | - | 27,139 | 27,139 | 4,611 |
| Total expenditures | 31,750 | - | 27,139 | 27,139 | 4,611 |
| Revenues over expenditures | $ - | $ - | 4,611 | $ 4,611 | $ 4,611 |
| Fund balance, beginning | | | - | | |
| Fund balance, ending | | | $ 4,611 | | |

**Town of Yanceyville, North Carolina**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**Special Revenue Fund - Cemetery Fund**
**From Inception and for the Fiscal Year Ended June 30, 2022**

| | Project Author-ization | Actual | | | Variance Positive (Negative) |
|---|---|---|---|---|---|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| Danville Regional Foundation Grant | $ 4,000 | $ 17,601 | $ 4,356 | $ 21,957 | $ 17,957 |
| Lot sales | - | 10,600 | 2,800 | 13,400 | 13,400 |
| Total revenue | 4,000 | 28,201 | 7,156 | 35,357 | 31,357 |
| Expenditures: | | | | | |
| Maintenance | 4,000 | 15,375 | - | 15,375 | 11,375 |
| Total expenditures | 4,000 | 15,375 | - | 15,375 | 11,375 |
| Revenues over expenditures | - | 12,826 | 7,156 | 19,982 | 19,982 |
| Revenues and other sources over expenditures and other uses | $ - | $ 12,826 | 7,156 | $ 19,982 | $ 19,982 |
| Fund balance, beginning | | | 12,826 | | |
| Fund balance, ending | | | $ 19,982 | | |

**Town of Yanceyville, North Carolina**
**Water and Sewer Fund**
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Revenues: | | | |
| Operating revenues: | | | |
| Charges for water sales | | $ 901,168 | |
| Charges for sewer services | | 616,561 | |
| Reconnect charges | | 27,540 | |
| Lift station fees | | 11,669 | |
| Late fees water and sewer | | 9,394 | |
| Tappage fees | | 82,078 | |
| Miscellaneous | | 21,241 | |
| Total operating revenues | $ 1,717,160 | 1,669,651 | $ (47,509) |
| Nonoperating revenues: | | | |
| Investment earnings | | 19,476 | |
| Total nonoperating revenues | - | 19,476 | $ 19,476 |
| Total revenues | 1,717,160 | 1,689,127 | (28,033) |

(continued)

**Town of Yanceyville, North Carolina**
**Water and Sewer Fund**
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Expenditures: | | | |
| Water and sewer operations: | | | |
| Maintenance | | 707,838 | |
| Salaries & employee benefits | | 284,809 | |
| Collection & distribution | | 199,317 | |
| Utilities | | 136,949 | |
| Other departmental expenses | | 189,334 | |
| Total water and sewer operations | 1,536,531 | 1,518,247 | 18,284 |
| Debt service: | | | |
| Principal retirement | 140,987 | 157,515 | |
| Interest paid | 62,092 | 72,980 | |
| Total debt service | 203,079 | 230,495 | (27,416) |
| Captial outlay | 102,550 | 102,324 | 226 |
| Total expenditures | 1,842,160 | 1,851,066 | (8,906) |
| Revenues under expenditures | (125,000) | (161,939) | (36,939) |
| Fund equity appropriated | 125,000 | | |
| | $ - | | |

(continued)

**Town of Yanceyville, North Carolina**
**Water and Sewer Fund**
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**
**For the Fiscal Year Ended June 30, 2022**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| **Reconciliation from budgetary basis (modified accrual) to full accrual:** | | | |
| Revenues and other sources under expenditures and other uses | | (161,939) | |
| Reconciling items: | | | |
| Principal retirement | | 157,515 | |
| Capital outlay | | 60,400 | |
| Lease payment | | 2,597 | |
| Depreciation | | (346,532) | |
| Bond discount amortization | | (1,224) | |
| Lease amortization | | (2,597) | |
| Increase in accrued interest payable | | (232) | |
| Increase in accrued vacation | | (516) | |
| Increase in deferred outflows of resources - pension | | 660 | |
| Decrease in net pension liability | | 81,743 | |
| Capital project expenditures | | (161,734) | |
| Increase in deferred inflows of resources - pension | | (84,115) | |
| Total reconciling items | | (294,035) | |
| Change in net position | | $ (455,974) | |

**Town of Yanceyville, North Carolina**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**Water and Sewer Capital Projects - WWTP Rehabilitation Fund**
**From Inception and for the Fiscal Year Ended June 30, 2022**

| | Project Author-ization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| Grant | $ 2,231,929 | $ 1,932,995 | $ - | $ 1,932,995 | $ (298,934) |
| Expenditures: | | | | | |
| Economic and physical development: | | | | | |
| Engineering fees | 460,942 | 272,008 | 188,934 | 460,942 | - |
| Grant administration fees | 170,000 | 170,000 | - | 170,000 | - |
| Construction | 1,600,987 | 1,600,987 | - | 1,600,987 | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| Total expenditures | 2,231,929 | 2,042,995 | 188,934 | 2,231,929 | - |
| Revenues under expenditures | - | (110,000) | (188,934) | (298,934) | (298,934) |
| Other financing sources (uses): | | | | | |
| | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - |
| Revenues and other sources under expenditures and other uses | $ - | $ (110,000) | (188,934) | $ (298,934) | $ (298,934) |

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

| | |
|---|---|
| Revenues and other sources under expenditures and other uses | (188,934) |
| Reconciling items: | |
| Capital Outlay | 27,200 |
| Change in net position | $ (161,734) |

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

| Fiscal Year | Uncollected Balance June 30, 2021 | Additions | Collections and Credits | Uncollected Balance June 30, 2022 |
|---|---|---|---|---|
| 2021-2022 | $ - | $ 327,284 | $ 322,606 | $ 4,678 |
| 2020-2021 | 6,700 | | 2,053 | 4,647 |
| 2019-2020 | 3,614 | - | 298 | 3,316 |
| 2018-2019 | 3,342 | - | 1,604 | 1,738 |
| 2017-2018 | 2,182 | - | 149 | 2,033 |
| 2016-2017 | 1,782 | - | 2 | 1,780 |
| 2015-2016 | 2,477 | - | - | 2,477 |
| 2014-2015 | 2,023 | - | 459 | 1,564 |
| 2013-2014 | 2,000 | - | 439 | 1,561 |
| 2012-2013 | 1,537 | - | - | 1,537 |
| 2011-2012 | 1,328 | - | 1,328 | - |
| | $ 26,985 | $ 327,284 | $ 328,938 | 25,331 |
| | Less: allowance for uncollectable accounts: | | | |
| | General Fund | | | 1,596 |
| | Ad valorem taxes receivable - net | | | $ 23,735 |
| | Reconciliation to revenues: | | | |
| | Ad valorem taxes - General Fund | | | $ 310,080 |
| | Reconciling items: | | | |
| | Penalties and interest collected | | | (1,682) |
| | Taxes written off | | | 20,540 |
| | Subtotal | | | 18,858 |
| | Total collections and credits | | | $ 328,938 |

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

| | Town - Wide | | | Total Levy | |
|---|---|---|---|---|---|
| | Property Valuation | Rate | Total Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current rate | $ 93,819,697 | 0.33 | $ 309,605 | $ 290,138 | $ 19,467 |
| Penalties | - | | - | - | - |
| Total | 93,819,697 | | 309,605 | 290,138 | 19,467 |
| Discoveries: | | | | | |
| Current year taxes | 5,584,242 | 0.33 | 18,428 | 18,428 | - |
| Prior year taxes | - | | - | - | - |
| Penalties | - | | - | - | - |
| Total | 5,584,242 | | 18,428 | 18,428 | - |
| Abatements | (226,970) | | (749) | (749) | - |
| Total property valuation | $ 99,176,969 | | | | |
| Net levy | | | 327,284 | 307,817 | 19,467 |
| Uncollected taxes at June 30, 2022 | | | 4,678 | 4,678 | - |
| Current year's taxes collected | | | $ 322,606 | $ 303,139 | $ 19,467 |
| Current levy collection percentage | | | 98.57% | 98.48% | 100.00% |

**Town of Yanceyville, North Carolina**
**Schedule of Net Position**
**Water and Sewer Fund by Function**
**For the Fiscal Year Ended June 30, 2022**

| | Water | Sewer | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Current assets | | | |
| Cash and cash equivalents | $ 1,010,609 | $ 673,740 | $ 1,684,349 |
| Accounts receivable (net) - billed | 220,377 | 146,918 | 367,295 |
| Bond discount | 6,607 | 4,405 | 11,012 |
| Restricted cash and cash equivalents | 1,056 | 704 | 1,760 |
| Total current assets | 1,238,650 | 825,766 | 2,064,416 |
| Noncurrent assets | | | |
| Right to use lease asset - net of amortization | 3,458 | 2,305 | 5,763 |
| Capital assets | | | |
| Land and other non-depreciable assets | 118,907 | 79,271 | 198,178 |
| Other capital assets, net of depreciation | 5,988,645 | 3,992,430 | 9,981,075 |
| Capital assets | 6,107,552 | 4,071,701 | 10,179,253 |
| Total noncurrent assets | 6,111,010 | 4,074,006 | 10,185,016 |
| Total assets | $ 7,349,659 | $ 4,899,773 | $ 12,249,432 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Contributions to pension plan in fiscal year | $ 42,641 | $ 28,427 | $ 71,068 |
| **LIABILITIES** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | $ 84,724 | $ 56,482 | $ 141,206 |
| Accrued interest payable | 43,927 | 29,285 | 73,212 |
| Compensated absences | 6,251 | 4,167 | 10,418 |
| Customer deposits | 1,057 | 704 | 1,761 |
| Lease liability | 1,748 | 1,166 | 2,914 |
| Revenue bond payable | 94,359 | 62,906 | 157,265 |
| Total current liabilities | 232,066 | 154,710 | 386,776 |
| Noncurrent liabilities | | | |
| Compensated absences | 6,250 | 4,167 | 10,417 |
| Pension Liability | 32,600 | 21,733 | 54,333 |
| Lease liability | 1,709 | 1,139 | 2,849 |
| Revenue bonds payable | 1,204,183 | 802,789 | 2,006,972 |
| Total noncurrent liabilities | 1,244,743 | 829,828 | 2,074,571 |
| Total liabilities | $ 1,476,808 | $ 984,539 | $ 2,461,347 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension deferrals | $ 54,577 | $ 36,384 | $ 90,961 |
| **NET POSITION** | | | |
| Net investment in capital assets | $ 4,809,010 | $ 3,206,006 | $ 8,015,016 |
| Water Line Debt Payment Reserve | 16,776 | 11,184 | 27,960 |
| Water Line Short-Lived Asset Reserve | 61,771 | 41,180 | 102,951 |
| Unrestricted | 973,359 | 648,906 | 1,622,265 |
| Total net position | $ 5,860,916 | $ 3,907,276 | $ 9,768,192 |

**Town of Yanceyville, North Carolina**
**Schedule of Revenues, Expenses, and Changes in Fund Net Position**
**Water and Sewer Fund by Function**
**For the Fiscal Year Ended June 30, 2022**

| | Water | Sewer | Total |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Charges for services | $ 934,163 | $ 622,775 | $ 1,556,938 |
| Late fees | 5,636 | 3,758 | 9,394 |
| Tappage fees | 49,247 | 32,831 | 82,078 |
| Miscellaneous | 12,745 | 8,496 | 21,241 |
| Total operating revenues | 1,001,791 | 667,860 | 1,669,651 |
| **OPERATING EXPENSES** | | | |
| Maintenance | 521,743 | 347,829 | 869,572 |
| Collection and distribution | 119,590 | 79,727 | 199,317 |
| Utilities | 82,169 | 54,780 | 136,949 |
| Salaries and benefits | 172,222 | 114,815 | 287,037 |
| Other water and sewer expenditures | 137,197 | 91,464 | 228,661 |
| Depreciation | 207,919 | 138,613 | 346,532 |
| Total operating expenses | 1,240,840 | 827,228 | 2,068,068 |
| Operating (Loss) | (239,049) | (159,368) | (398,417) |
| **NONOPERATING REVENUES (EXPENSES)** | | | |
| Investment income | 11,686 | 7,790 | 19,476 |
| Interest expense | (43,927) | (29,285) | (73,212) |
| Amortization expense | (2,293) | (1,528) | (3,821) |
| Total non-operating revenue (expenses) | (34,534) | (23,023) | (57,557) |
| Change in net position before contributions and transfers | (273,582) | (182,392) | (455,974) |
| Transfer to general fund | - | - | - |
| Change in net position | (273,582) | (182,392) | (455,974) |
| Total net position, beginning | 6,134,500 | 4,089,666 | 10,224,166 |
| Total net position, ending | $ 5,860,917 | $ 3,907,275 | $ 9,768,192 |

**Town of Yanceyville, North Carolina**
**Schedule of Cash Flows**
**Water and Sewer Fund by Function**
**For the Fiscal Year Ended June 30, 2022**

| | Water | Sewer | Total |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from customers | $ 1,001,057 | $ 667,371 | $ 1,668,428 |
| Cash paid for goods and services | (787,804) | (525,203) | (1,313,007) |
| Cash paid to or on behalf of employees for services | (171,503) | (114,336) | (285,839) |
| Net change in customer deposits | (17) | (12) | (29) |
| Net cash provided by operating activities | 41,733 | 27,820 | 69,553 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acqusition and construction of capital assets | (52,560) | (35,040) | (87,600) |
| Principal paid on bond maturities | (91,192) | (60,795) | (151,987) |
| Principal paid on lease liability | (1,559) | (1,039) | (2,598) |
| Interest and fees paid on debt maturities | (43,788) | (29,192) | (72,980) |
| Net cash used by capital and realted financing activities | (189,099) | (126,066) | (315,165) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest on investments | 11,686 | 7,790 | 19,476 |
| Net decrease in cash and cash equivalents | (135,680) | (90,456) | (226,136) |
| Balances, beginning | 1,147,347 | 764,898 | 1,912,245 |
| Balances, ending | $ 1,011,667 | $ 674,442 | $ 1,686,109 |

(continued)

**Town of Yanceyville, North Carolina**
**Schedule of Cash Flows**
**Water and Sewer Fund by Function**
**For the Fiscal Year Ended June 30, 2022**

| | Water | Sewer | Total |
|---|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities | | | |
| Operating loss | $ (239,050) | $ (159,367) | $ (398,417) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation | 207,919 | 138,613 | 346,532 |
| Changes in assets and liabilities: | | | |
| Increase in accounts receivable | (734) | (490) | (1,224) |
| Increase in deferred outflow of resources for pension | (396) | (264) | (660) |
| Increase in accounts payable and accrued liabilities | 72,896 | 48,597 | 121,493 |
| Decrease in accrued vacation pay | (308) | (206) | (514) |
| Decrease in customer deposits | (17) | (12) | (29) |
| Decrease in pension liability | (49,046) | (32,697) | (81,743) |
| Increase in deferred inflow of resources for pension | 50,469 | 33,646 | 84,115 |
| Total adjustments | 280,783 | 187,187 | 467,970 |
| Net cash provided by operating activities | $ 41,733 | $ 27,820 | $ 69,553 |

## 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 Town Council
Town of Yanceyville
Yanceyville, North Carolina

We have audited, 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yanceyville as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Town of Yanceyville's basic financial statements, and have issued our report thereon dated May 31, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Yanceyville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Yanceyville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Yanceyville'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs. We identified certain deficiencies as items (2022-1, 2022-2, 2022-3, 2022-4) that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Yanceyville'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.*

**Town of Yanceyville's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Yanceyville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Certified Public Accountants

Graham, North Carolina

May 31, 2023

**Town of Yanceyville**
**Schedule of Findings and Questioned Costs**
**For the Year Ended June 30, 2022**

## Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? __X__ yes _____no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes __X__no

Noncompliance material to financial statements noted _____ yes __X__no

## Section II. Financial Statement Findings

**MATERIAL WEAKNESS**

Finding: 2022-1 Segregation of Duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Town personnel. This is especially a concern in the cash management, account receivable, purchasing, and payroll functions.

Effect: Transaction could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2021-1.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the correction action plan noted in this audit report.

**MATERIAL WEAKNESS**

Finding 2022-2 Account Reconciliations

Criteria: In accordance with Generally Accepted Accounting Principles the purpose of account reconciliation is to provide accuracy and consistency in financial accounts. To ensure all cash outlays and inlays match between cash flow statements and income statements it is necessary to carry out reconciliation of accounts.

Condition: In reviewing cash account balances, the Town's main checking account was not properly reconciled to the general ledger balance.

Effect: The Town did not have a reconciled cash balance as of fiscal year end.

Cause: The contract accountant was very new at this point in time and still learning the system. The Town also has a CPA firm, other than the audit firm preparing the workpapers for audit that was able to determine the correct cash balance.

Recommendation: Cash accounts should be reconciled on a timely basis and agree to the general ledger.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The Town accountant has learned the system and the expectation is the account will be accurately reconciled going forward.

**MATERIAL WEAKNESS**

Finding 2022-3 Budgetary Accounting for Appropriations

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: The Town of Yanceyville expended $27,416 more for debt service t than appropriated in the annual budget ordinance.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: The Town expended funds on debt service that had not been budgeted for in the budget ordinance and a budget amendment was not adopted.

Recommendation: Before an obligation is to be incurred that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The Town will be more attentive to budget line items and prepare and present budget amendments in a timely manner.

**MATERIAL WEAKNESS / MATERIAL NONCOMPLIANCE**

Finding 2022-4 Contractual Violation

Criteria: The Bond Order requires debt service coverage to be no less than 110%.

Condition: The debt service coverage is (679%).

Effect: The Town is out of compliance with the Bond Order.

Cause: The Water and Sewer revenues were less than the expenditures due to receiving less revenue than expected.

Recommendation: The Town of Yanceyville needs to charge a sufficient amount for water and sewer services to cover the required debt service payments.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The Town will continue to consider the water and sewer rates and also management of the expenses.

**Town of Yanceyville**
**Corrective Action Plan**
**For the Year Ended June 30, 2022**

**Section II. Financial Statement Findings**

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2022-1 Segregation of Duties

Name of Contact Person: Kamara Barnett, Town Manager

Corrective Action: The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will continue to be involved in providing some of these controls.

Proposed Completion Date: The Town Council will continue the above procedure.

2022-2 Account Reconciliations

Name of Contact Person: Kamara Barnett, Town Manager

Corrective Action: The Town accountant has become more familiar with the reconciliation process and the expectation is these will be fully reconciled going forward.

Proposed Completion Date: The Town Council will implement the above procedure immediately.

2022-3 Budgetary Accounting for Appropariations

Name of Contact Person: Kamara Barnett, Town Manager

Corrective Action: The finance officer will review procedures on how potential expenditures will be included in the budget. If any unexpected expenditure is to be incurred, the finance officer will review the budget-to-actual report and make any recommendations necessary.

Proposed Completion Date: The Council will implement the above procedure immediately.

2022-4 Contractual Violation

Name of Contact Person: Kamara Barnett, Town Manager

Corrective Action: The Town will review water and sewer rates and expenses to ensure the bond covenant requirements are met.

Proposed Completion Date: The Council will implement the above procedure immediately.

**Town of Yanceyville**
**Summary Schedule of Prior Audit Findings**
**For the Year Ended June 30, 2022**

Finding: 2021-1

Status: Duties are being separated as much as possible and alternative controls have been implemented to compensate for this lack of separation. The governing board remains involved in providing some of these controls by continuing to authorize transactions and by monitoring the duties of the Finance Officer on a regular and timely basis.

Finding: 2021-2

Status: The governing board is being more attentive to budget line items and preparing and presenting budget amendments in a timely manner.

Finding: 2021-3

Status: The governing board and town employees are using pre-audit procedures and making sure invoices are stamped, approved, and cancelled. Invoices are also being filed in a more appropriate and timely manner.

Finding: 2021-4

Status: The governing board is being more attentive to the duties of each employee and continue to provide additional oversight to the Town manager. Timesheets are being better documented and reviewed. Invoices are now being reviewed and approved in a timely manner, with proper controls in place.

Finding: 2020-1

Status: Duties are being separated as much as possible and alternative controls have been implemented to compensate for this lack of separation. The governing board remains involved in providing some of these controls by continuing to authorize transactions and by monitoring the duties of the Finance Officer on a regular and timely basis.

Finding: 2019-1

Status: Duties are being separated as much as possible and alternative controls have been implemented to compensate for this lack of separation. The governing board remains involved in providing some of these controls by continuing to authorize transactions and by monitoring the duties of the Finance Officer on a regular and timely basis.

TOWN OF YANCEYVILLE, NORTH CAROLINA
SCHEDULE Of EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2022

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Federal (Direct and Pass Through) Expenditures | State Expenditures | Local Expenditures |
|---|---|---|---|---|
| Federal Awards: | | | | |
| Cash Programs: | | | | |
| U.S. Department of Housing and Urban Development: | | | | |
| Staffing for Adequate Fire and Emergency Response (SAFER)- | 97.083 | 29,307 | - | - |
| State Awards: | | | | |
| N.C. Department of Transportation: | | | | |
| Powell Bill | | - | 42,583 | - |
| Total assistance | | $ 29,307 | $ 42,583 | $ - |

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

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Yanceyville under the programs of federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA 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 and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of The Town of Yanceyville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Yanceyville.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.