

TOWN OF FAIRVIEW, NORTH CAROLINA

FINANCIAL STATEMENTS

Year Ended June 30, 2021

JBW

J. B. WATSON & Co., F.L.L.C.
Certified Public Accountants

**TOWN OF FAIRVIEW, NORTH CAROLINA
LOCAL GOVERNMENT OFFICIALS
June 30, 2021**

Town Council

Phil Thomas, Mayor

Jerry Clontz, Mayor Pro Tem

John Biggers

Patricia Kindley

Gary Wilfong

Administrative and Financial Staff

Darrell Baucom, Finance Officer

Teresa Gregorius, Town Clerk

Ed Humphries, Deputy Clerk/Land Use Administrator

**TOWN OF FAIRVIEW, NORTH CAROLINA
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FINANCIAL SECTION

J. B. WATSON & CO., P.L.L.C.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Town of Fairview, North Carolina, as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (on pages i through ix) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Wadesboro, North Carolina
November 9, 2021

Management's Discussion and Analysis Town of Fairview, North Carolina

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

Financial Highlights

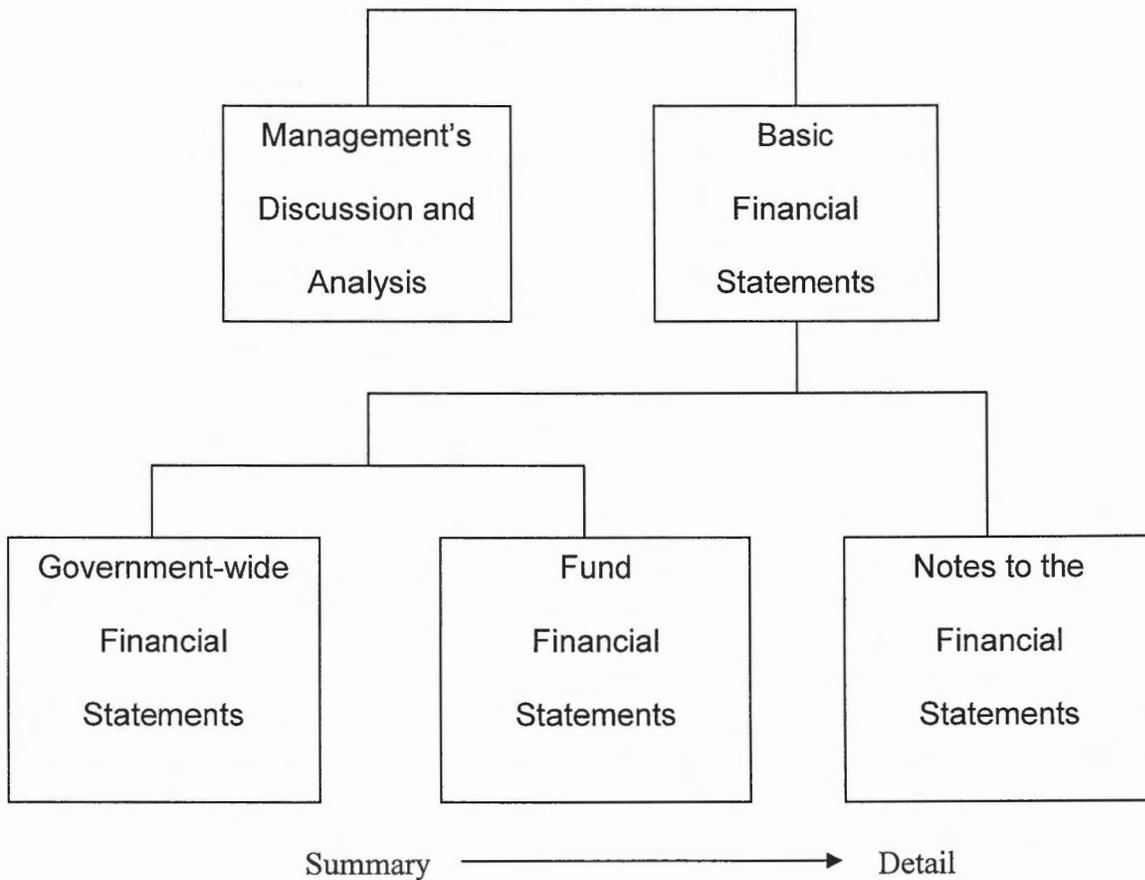
- The assets and deferred outflows of resources of Town of Fairview exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,734,421 (*net position*).
- The government's total net position decreased by \$47,551.
- As of the close of the current fiscal year, Town of Fairview's governmental fund reported an ending fund balance of \$411,908, an increase of \$10,166 in comparison with the prior year mainly due to decreased funding for the volunteer fire department and decreased spending for the park due to the COVID-19 pandemic. Approximately 10 percent of this total amount, or \$41,474, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$370,434, or 118 percent, of total General Fund expenditures for the fiscal year.
- Town of Fairview incurred \$600,000 of long-term debt during fiscal year ended June 30, 2019, for the purchase of land adjacent to the park. Annual debt service payments began on this debt in January 2020.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3-1 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the budgetary comparison statement.

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

Management's Discussion and Analysis

Town of Fairview, North Carolina

Government-wide Financial Statements

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

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

The government-wide statements are shown as one category: Governmental activities. The governmental activities include the Town's basic services of general administration, public safety, environmental protection, economic and physical development, and culture and recreation. Property taxes and State revenues finance most of these activities, while a government grant financed a large portion of the culture and recreation expenditures.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Town of Fairview, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. The funds of Town of Fairview are shown in one category: governmental funds.

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

Town of Fairview adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted.

Management's Discussion and Analysis

Town of Fairview, North Carolina

The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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 8-18 of this report.

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

**Management's Discussion and Analysis
Town of Fairview, North Carolina**

Government-Wide Financial Analysis

*TOWN OF FAIRVIEW
NET POSITION
FIGURE 2*

	Governmental Activities	
	2021	2020
Current and other assets	\$ 436,098	\$ 423,417
Capital assets, net	<u>1,851,027</u>	<u>1,948,749</u>
Total assets	<u>2,287,125</u>	<u>2,372,166</u>
Current and other liabilities	32,698	30,187
Long-term liabilities outstanding:		
Due within one year	40,000	40,000
Due after one year	480,000	520,000
Deferred inflows of resources	<u>6</u>	<u>7</u>
Total liabilities and deferred inflows of resources	<u>552,704</u>	<u>590,194</u>
Net position:		
Net investment in capital assets	1,331,027	1,388,749
Restricted	38,288	35,679
Unrestricted	<u>365,106</u>	<u>357,544</u>
Total net position	<u>\$ 1,734,421</u>	<u>\$ 1,781,972</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Town of Fairview exceeded liabilities and deferred inflows of resources by \$1,734,421 as of June 30, 2021. The Town's net position decreased by \$47,551 for the fiscal year ended June 30, 2021. \$1,331,027 or 76.7% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Town of Fairview uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of Town of Fairview's net position \$38,288 or 2.2% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$365,106 is unrestricted.

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

- Expenditures were controlled with budget procedures.
- Payments to the volunteer fire department were completed this year for the purchase of a fire truck.

**Management's Discussion and Analysis
Town of Fairview, North Carolina**

**TOWN OF FAIRVIEW
CHANGES IN NET POSITION
FIGURE 3**

	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 38,416	\$ 24,843
Operating grants and contributions	374	3,195
Capital grants and contributions	-	-
General revenues:		
Property taxes	94,847	90,184
Other taxes and licenses	188,994	184,149
Grants and contributions not restricted	-	-
Investment earnings, unrestricted	654	2,199
Miscellaneous, unrestricted	150	404
Total revenues	<u>323,435</u>	<u>304,974</u>
Expenses		
Program expenses:		
General government	137,350	128,806
Public safety	26,285	62,569
Economic and physical development	44,974	44,027
Environmental protection	8,000	8,000
Culture and recreation	133,310	142,811
Interest on long-term debt	21,067	22,626
Total expenses	<u>370,986</u>	<u>408,839</u>
Change in net position	(47,551)	(103,865)
Net position, July 1	<u>1,781,972</u>	<u>1,885,837</u>
Net position, June 30	<u>\$ 1,734,421</u>	<u>\$ 1,781,972</u>

Governmental activities: Governmental activities decreased the Town's net position by \$47,551. Key elements of this decrease are as follows:

- Quarterly payments to the volunteer fire department for truck payments stopped in January 2021.
- Park expenditures were down due to reduced programs and events caused by the COVID-19 pandemic.

**Management’s Discussion and Analysis
Town of Fairview, North Carolina**

Financial Analysis of the Town’s Funds

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

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

The General Fund is the chief operating fund of Town of Fairview. At the end of the current fiscal year, Town of Fairview’s fund balance available in the General Fund was \$370,434 while total fund balance reached \$411,908. The Town currently has an available fund balance of 118.0% of General Fund expenditures, while total fund balance represents 131.2% of the same amount.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Town of Fairview did not make any major budget amendments.

Capital Assets and Debt Administration

Capital Assets: Town of Fairview’s investment in capital assets for its governmental activities as of June 30, 2021, totals \$1,851,027 (net of accumulated depreciation). These assets include buildings, land, improvements, office equipment, and park equipment.

Major capital asset transactions during the year include the following:

- Depreciation of capital assets for governmental activities in the amount of \$97,722

*TOWN OF FAIRVIEW
CAPITAL ASSETS (net of depreciation)
FIGURE 4*

	Governmental Activities	
	2021	2020
Land	\$ 744,435	\$ 744,435
Land improvements	6,242	6,735
Buildings and improvements	1,000,160	1,077,033
Leasehold improvements	14,741	19,905
Office furniture and equipment	284	397
Park equipment	85,165	100,244
	<u>\$ 1,851,027</u>	<u>\$ 1,948,749</u>

Additional information on the Town’s capital assets can be found in Note 2 of the Basic Financial Statements.

**Management’s Discussion and Analysis
Town of Fairview, North Carolina**

Long-term Debt: Town of Fairview had no bonded debt as of June 30, 2021.

*TOWN OF FAIRVIEW
Outstanding Debt
FIGURE 5*

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Direct borrowing installment purchase	<u>\$ 520,000</u>	<u>\$ 560,000</u>

Town of Fairview’s Outstanding Debt

Town of Fairview’s total debt decreased by \$40,000 during the past fiscal year due to scheduled annual debt service payments.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government’s boundaries. The legal debt margin for Town of Fairview is \$36,884,065. The Town has no bonds authorized but un-issued at June 30, 2021.

Additional information regarding Town of Fairview’s long-term debt can be found in Note 2 of the Basic Financial Statements.

Economic Factors and Next Year’s Budgets and Rates

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

The Town expects slow revenue growth in the future due to the following economic indicators.

- Revenues and expenditures are expected to decline slightly due to the impact of COVID-19 on State revenues that are shared with the Towns. The shortfall in revenues will be made up through higher fund balance appropriation.
- Property tax rate for 2021-2022 will remain at \$.02/\$100 of valuation.

**Management's Discussion and Analysis
Town of Fairview, North Carolina**

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The Town has no major changes in the budget for June 30, 2022, compared to the June 30, 2021, budget. Revenues and expenditures are expected to decline slightly as noted above.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Town Budget and Finance Officer, Darrell Baucom, 7516 Concord Hwy, Monroe, North Carolina, 28110. One can also call (704)-753-1981, visit our website www.fairviewnc.gov, or send an email to tgregorius@fairviewnc.gov.

BASIC FINANCIAL STATEMENTS

TOWN OF FAIRVIEW, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 393,081
Taxes receivable	1,214
Accrued interest receivable on taxes	329
Due from other governments	38,288
Prepaid expenditures	<u>3,186</u>
TOTAL CURRENT ASSETS	<u>436,098</u>
CAPITAL ASSETS	
Land	744,435
Other capital assets, net of depreciation	<u>1,106,592</u>
TOTAL CAPITAL ASSETS	<u>1,851,027</u>
TOTAL ASSETS	<u>2,287,125</u>
LIABILITIES	
Accounts payable and accrued liabilities	6,347
Accrued interest payable	10,057
Due to other governments	14,899
Deposits	1,395
Long-term liabilities:	
Due within one year	40,000
Due in more than one year	<u>480,000</u>
TOTAL LIABILITIES	<u>552,698</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	<u>6</u>
NET POSITION	
Net investment in capital assets	1,331,027
Restricted for:	
Stabilization by State statute	38,288
Unrestricted	<u>365,106</u>
TOTAL NET POSITION	<u>\$ 1,734,421</u>

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

**TOWN OF FAIRVIEW, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Exhibit 2

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Expenses					
<u>Functions/Programs</u>					
Governmental activities:					
General government	\$ 137,350	\$ 16,650	\$ 374	\$ -	\$ (120,326)
Public safety	26,285	-	-	-	(26,285)
Economic and physical development	44,974	20,066	-	-	(24,908)
Environmental protection	8,000	-	-	-	(8,000)
Culture and recreation	133,310	1,700	-	-	(131,610)
Interest on long-term debt	21,067	-	-	-	(21,067)
Total governmental activities	370,986	38,416	374	-	(332,196)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					94,847
Other taxes and licenses					188,994
Grants and contributions not restricted to specific programs					-
Investment earnings, unrestricted					654
Miscellaneous					150
					284,645
					Change in net position (47,551)
					1,781,972
					Net position, ending <u>\$ 1,734,421</u>

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

TOWN OF FAIRVIEW, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3-1

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 393,081
Taxes receivable	1,214
Prepaid expenditures	3,186
Due from other governments	<u>38,288</u>
TOTAL ASSETS	<u>\$ 435,769</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 6,347
Due to other governments	14,899
Deposits	<u>1,395</u>
TOTAL LIABILITIES	<u>22,641</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	1,214
Prepaid taxes	<u>6</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,220</u>
FUND BALANCES	
Nonspendable:	
Prepaid expenditures	3,186
Restricted:	
Stabilization by State statute	38,288
Unassigned	<u>370,434</u>
TOTAL FUND BALANCES	<u>411,908</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 435,769</u>

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

TOWN OF FAIRVIEW, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Exhibit 3-2

Fund balances - Total governmental funds (Exhibit 3-1) \$ 411,908

Amounts reported for governmental activities in the statement of net position
(Exhibit 1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

Capital assets	2,259,101
Less: Accumulated depreciation	(408,074)

Other long-term assets are not available to pay for current-period
expenditures and therefore are inflows of resources in the funds.

Accrued interest receivable on taxes	329
--------------------------------------	-----

Earned revenues considered deferred inflows of resources
in fund statements.

1,214

Some liabilities used in governmental activities are not financial uses
and, therefore, are not reported in the funds.

Installment purchases payable	(520,000)
Accrued interest payable	<u>(10,057)</u>

Net position of governmental activities (Exhibit 1) \$ 1,734,421

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

TOWN OF FAIRVIEW, NORTH CAROLINA **Exhibit 4-1**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 95,615
Unrestricted intergovernmental	188,994
Restricted intergovernmental	374
Permits and fees	20,066
Sales and services	18,350
Investment earnings	654
Miscellaneous	<u>50</u>
TOTAL REVENUES	<u><u>324,103</u></u>
 EXPENDITURES	
Current:	
General government	127,284
Public safety	26,285
Economic and physical development	44,974
Environmental protection	8,000
Culture and recreation	45,654
Debt service:	
Principal retirement	40,000
Interest and other charges	<u>21,840</u>
TOTAL EXPENDITURES	<u><u>314,037</u></u>
REVENUES OVER EXPENDITURES	10,066
 OTHER FINANCING SOURCES	
Sale of capital assets	<u>100</u>
NET CHANGE IN FUND BALANCE	10,166
FUND BALANCE, beginning	<u>401,742</u>
FUND BALANCE, ending	<u><u>\$ 411,908</u></u>

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

TOWN OF FAIRVIEW, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Exhibit 4-2

Net change in fund balances - total governmental funds (Exhibit 4-1) \$ 10,166

Amounts reported for governmental activities in the statement of activities
(Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	-
Depreciation expense for governmental assets	(97,722)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in accrued interest on property taxes	(59)
Change in unavailable revenue for tax revenues	(709)

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 the net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payment on long-term debt	40,000
-------------------------------------	--------

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.

Change in accrued interest payable	<u>773</u>
------------------------------------	------------

Total change in net position of governmental activities (Exhibit 2) \$ (47,551)

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

TOWN OF FAIRVIEW, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit 5

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 89,200	\$ 89,200	\$ 95,615	\$ 6,415
Unrestricted intergovernmental	177,000	176,900	188,994	12,094
Restricted intergovernmental	-	-	374	374
Permits and fees	12,000	15,500	20,066	4,566
Sales and services	18,000	16,350	18,350	2,000
Investment earnings	1,800	500	654	154
Miscellaneous	-	-	50	50
TOTAL REVENUES	<u>298,000</u>	<u>298,450</u>	<u>324,103</u>	<u>25,653</u>
EXPENDITURES				
Current:				
General government	127,710	140,890	127,284	13,606
Public safety	30,665	26,285	26,285	-
Economic and physical development	45,000	45,000	44,974	26
Environmental protection	8,000	8,000	8,000	-
Culture and recreation	62,100	57,200	45,654	11,546
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Interest and other charges	21,840	21,840	21,840	-
TOTAL EXPENDITURES	<u>335,315</u>	<u>339,215</u>	<u>314,037</u>	<u>25,178</u>
REVENUES OVER (UNDER) EXPENDITURES	(37,315)	(40,765)	10,066	50,831
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	100	100
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(37,315)	(40,765)	10,166	50,931
APPROPRIATED FUND BALANCE	<u>37,315</u>	<u>40,765</u>	<u>-</u>	<u>(40,765)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	10,166	<u>\$ 10,166</u>
FUND BALANCE, beginning			<u>401,742</u>	
FUND BALANCE, ending			<u>\$ 411,908</u>	

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

TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Town of Fairview conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. REPORTING ENTITY

Town of Fairview is a municipal corporation which is governed by an elected mayor and a four-member council.

B. BASIS OF PRESENTATION

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units, if any. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements would distinguish between the *governmental* and *business-type activities* of the Town; however, Town of Fairview does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Statements for the Town's only fund category – *governmental* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds, when applicable.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, other taxes and licenses, permits and fees, and investment income. The primary expenditures are for general government, economic and physical development, culture and recreation, and debt service.

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

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 Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

Sales taxes and certain intergovernmental revenues, such as the utilities sales 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 Town of Fairview because the tax is levied by Union 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. Expenditure-driven grants (if any) are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. BUDGETARY DATA

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted as needed. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the object level for all annually budgeted funds and for any multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY

DEPOSITS AND INVESTMENTS

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

CASH AND CASH EQUIVALENTS

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

Allowances for doubtful accounts are not maintained by the Town due to expected collectability of all accounts receivable.

PREPAID EXPENDITURES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both government-wide and fund financial statements and expensed as the items are used.

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 \$1,000; buildings and improvements \$1,000; equipment and furniture \$1,000; computer software and equipment \$1,000. Donated capital assets received prior to June 16, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs 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 of the Town are depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	5-15 years
Equipment and furniture	5-15 years
Buildings and improvements	7-30 years
Land improvements	15 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net 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 no items that meet this criterion. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and prepaid taxes.

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. In the fund financial statements for government fund types, the face amount of debt issued is reported as an other financing source.

COMPENSATED ABSENCES

The Town has only part-time employees and does not provide vacation or sick pay; therefore, no provision for compensated absences has been made.

NET POSITION/FUND BALANCES

NET POSITION:

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

FUND BALANCES:

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

The governmental fund types classify fund balances as follows:

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

Prepaid expenditures - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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

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

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Fairview'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. The Town does not have any committed fund balance this fiscal year.

Assigned Fund Balance - portion of fund balance that the Town 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. The Town does not have any assigned fund balance this fiscal year.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other 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 Town has not adopted a minimum fund balance policy, but follows the State Treasurer's guidance.

DEFINED BENEFIT COST-SHARING PLANS

The Town's employees do not participate in the State retirement plan.

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

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.

TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

At June 30, 2021, the Town's deposits had a carrying amount of \$392,018 and a bank balance of \$392,932. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's bank balances exceeded federally insured limits by \$142,932.

INVESTMENTS

At June 30, 2021, the Town's investments consisted of \$1,063 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

RECEIVABLES

Virtually all ad valorem taxes and accounts receivable are collected, and accordingly, allowances for doubtful accounts are not considered material or necessary.

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TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 744,435	\$ -	\$ -	\$ 744,435
Capital assets being depreciated:				
Land improvements	7,400	-	-	7,400
Buildings and improvements	1,319,080	-	-	1,319,080
Leasehold improvements	27,486	-	-	27,486
Office furniture and equipment	14,342	-	2,570	11,772
Park equipment	148,928	-	-	148,928
	<u>1,517,236</u>	<u>-</u>	<u>2,570</u>	<u>1,514,666</u>
Less accumulated depreciation for:				
Land improvements	665	493	-	1,158
Buildings and improvements	242,047	76,873	-	318,920
Leasehold improvements	7,581	5,164	-	12,745
Office furniture and equipment	13,945	113	2,570	11,488
Park equipment	48,684	15,079	-	63,763
	<u>312,922</u>	<u>97,722</u>	<u>2,570</u>	<u>408,074</u>
	<u>1,204,314</u>			<u>1,106,592</u>
Governmental activities				
capital assets, net	<u>\$ 1,948,749</u>			<u>\$ 1,851,027</u>

Depreciation expense was charged to governmental departments as follows:

General government	\$ 10,066
Culture and recreation	<u>87,656</u>
	<u>\$ 97,722</u>

B. LIABILITIES

DEFERRED OUTFLOW AND INFLOWS OF RESOURCES

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

Taxes receivable	\$ 1,214
Prepaid taxes	<u>6</u>
	<u>\$ 1,220</u>

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

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 an insurance pool administered by the Interlocal Risk Financing Fund of North Carolina. Through this pool, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, and property coverage up to the total insurance values of the property policy.

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

The Town participates in the National Flood Insurance Program (NFIP). NFIP is managed by the Federal Emergency Management Agency (FEMA) and enables homeowners and businesses in participating communities to purchase federally backed flood insurance.

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 the tax collector/land use administrator are bonded for \$50,000 and \$10,000, respectively. The Town also has a blanket bond for \$20,000.

COMMITMENTS

Town of Fairview entered into an interlocal agreement dated February 20, 2011. Under this agreement, the Town, Union County, and one other municipality are obligated to equally pay for any operating deficit incurred by Piedmont Collection Site. The municipalities are only liable for up to \$8,000 each per fiscal year. The municipalities agreed to pay for the operating deficit in order to keep the landfill open. This agreement automatically renews for successive annual terms.

In December, 2015, Town of Fairview agreed to make quarterly payments of \$13,142 to the Fairview Fire and Rescue Association to assist the Association with debt payments on a new fire truck. The agreement was for a five year period that ended this fiscal year.

CLAIMS AND JUDGMENTS

The Town is and may be subject to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate impact of any of these legal matters will not materially affect the Town's financial position.

LONG-TERM OBLIGATIONS

Installment purchase

In November, 2018, the Town entered into a direct borrowing installment purchase contract with two individuals to finance the purchase of real estate. The financing contract requires 15 annual payments of \$40,000 plus interest at 3.9%. The loan is secured by a deed of trust. In the event of default all remaining principal and interest accrued thereon will be due and payable.

\$ 520,000

TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Annual debt service payments of the installment purchase as of June 30, 2021, including \$141,960 of interest, are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 40,000	\$ 20,280
2023	40,000	18,720
2024	40,000	17,160
2025	40,000	15,600
2026	40,000	14,040
2027-2031	200,000	46,800
2032-2034	120,000	9,360
	<u>\$ 520,000</u>	<u>\$ 141,960</u>

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the Town's long-term obligations for the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Governmental activities:					
Direct borrowing installment purchase	<u>\$ 560,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 520,000</u>	<u>\$ 40,000</u>

At June 30, 2021, Town of Fairview had a legal debt margin of \$36,884,065.

C. OPERATING LEASES

On July 26, 2018, the Town entered into a five-year lease agreement with Union County Board of Education for office space. The lease has an automatic monthly renewal after the the initial five-year period. Subsequent to June 30, 2021, the Board of Education sold the property to Union County. On October 14, 2021, the Town purchased the property from Union County. Based upon the agreed-upon sell and purchase of the property, the Town and Board of Education cancelled the lease for office space effective July 2021.

The Town also leases a copier under a four year lease. This lease can automatically renew for one additional year at the end of the lease term.

**TOWN OF FAIRVIEW, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021**

The annual minimum lease payments as of June 30, 2021, are as follows:

Year Ending <u>June 30,</u>	
2022	\$ 1,546
2023	1,546
2024	<u>773</u>
	<u>\$ 3,865</u>

Rent expense for the year ended June 30, 2021, was \$13,546.

NOTE 3 – JOINT VENTURES

Charlotte Regional Transportation Planning Organization

The Town participates in a joint venture, Charlotte Regional Transportation Planning Organization (CRTPO), with 29 other jurisdictions in Iredell, Mecklenburg, and Union counties to work cooperatively with each other and the North Carolina Department of Transportation to enhance transportation planning opportunities for the region. CRTPO is one of the four MPO's and one RPO that make up the Charlotte Regional Alliance for Transportation. The Charlotte-Mecklenburg Planning Department is the lead planning agency for CRTPO. None of the participating governments have any equity interest in CRTPO, so no equity interest has been reflected in the financial statements at June 30, 2021. In accordance with the agreement between the participating governments and CRTPO, the Town paid \$1,375 to the CRTPO during the fiscal year ended June 30, 2021, for membership dues. Complete financial statements for CRTPO may be obtained from CRTPO's office at 600 E. Fourth Street, 8th Floor, Charlotte, North Carolina 28202-2853.

NOTE 4 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

STATE ASSISTED PROGRAMS

The Town has received proceeds from several State grants in the past. 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.

NOTE 5 – SUBSEQUENT EVENTS

The Town has been awarded \$267,197 in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds. The first tranche of \$133,598 was received by the Town in August 2021. The second tranche of the same amount is anticipated to be received in August 2022. The Town plans to meet the grantor requirements of encumbering costs by December 31, 2024, and having all funds fully expended by December 31, 2026. Plans for these expenditures will not be finalized until the Town has received final guidance from the United States Treasury on allowable expenditures.

On October 14, 2021, the Town purchased the current Town office property from Union County for \$125,000.

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF FAIRVIEW, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit A-1
Page 1 of 3

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes:			
Taxes	\$ 89,200	\$ 95,180	\$ 5,980
Penalties and interest	-	435	435
Total	<u>89,200</u>	<u>95,615</u>	<u>6,415</u>
Unrestricted intergovernmental:			
Local option sales taxes	26,600	35,171	8,571
Beer and wine tax	15,900	15,931	31
Utilities sales tax	134,400	108,341	(26,059)
Telecommunications sales tax	-	21,620	21,620
Piped natural gas sales tax	-	575	575
Video franchise fee	-	7,356	7,356
Total	<u>176,900</u>	<u>188,994</u>	<u>12,094</u>
Restricted intergovernmental:			
Coronavirus Relief Fund	-	374	374
Permits and fees:			
Zoning fees and permits	<u>15,500</u>	<u>20,066</u>	<u>4,566</u>
Sales and services:			
Rental house income	15,000	15,066	66
Park rental income	1,350	1,700	350
Farm land rental	-	1,584	1,584
Total	<u>16,350</u>	<u>18,350</u>	<u>2,000</u>
Investment earnings	<u>500</u>	<u>654</u>	<u>154</u>
Miscellaneous	<u>-</u>	<u>50</u>	<u>50</u>
TOTAL REVENUES	<u>298,450</u>	<u>324,103</u>	<u>25,653</u>

TOWN OF FAIRVIEW, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit A-1
Page 2 of 3

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General government:			
Advertising	1,200	801	399
Audit fees	8,530	8,530	-
Bank service charges	500	468	32
Collection fees - ad valorem	1,750	1,611	139
Computer and internet	10,300	8,396	1,904
Dues and subscriptions	6,000	5,880	120
Grants	1,000	500	500
Insurance	5,550	5,522	28
Legal fees	12,000	9,448	2,552
Miscellaneous	2,360	1,820	540
Office supplies	15,500	13,053	2,447
Office utilities	4,000	3,739	261
Payroll expense	41,400	39,080	2,320
Payroll taxes	7,400	7,188	212
Professional fees	7,700	6,425	1,275
Rent	12,000	12,000	-
Repairs and maintenance	1,200	1,114	86
Telephone	1,500	1,301	199
Training	500	-	500
Travel	500	408	92
Total	<u>140,890</u>	<u>127,284</u>	<u>13,606</u>
Public safety:			
Fire:			
Operating expenditures	<u>26,285</u>	<u>26,285</u>	<u>-</u>
Economic and physical development:			
Payroll expense	<u>45,000</u>	<u>44,974</u>	<u>26</u>
Environmental protection:			
Sanitation contracted services	<u>8,000</u>	<u>8,000</u>	<u>-</u>

TOWN OF FAIRVIEW, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit A-1
Page 3 of 3

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES - CONTINUED:			
Culture and recreation:			
Festival expense	15,000	6,786	8,214
Park maintenance	30,000	26,800	3,200
Park utilities	2,300	2,210	90
Payroll expense	9,900	9,858	42
Total	<u>57,200</u>	<u>45,654</u>	<u>11,546</u>
Debt service:			
Principal retirement	40,000	40,000	-
Interest and other charges	21,840	21,840	-
Total	<u>61,840</u>	<u>61,840</u>	<u>-</u>
TOTAL EXPENDITURES	<u>339,215</u>	<u>314,037</u>	<u>25,178</u>
REVENUES OVER (UNDER) EXPENDITURES	(40,765)	10,066	50,831
OTHER FINANCING SOURCES			
Sale of capital assets	<u>-</u>	<u>100</u>	<u>100</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(40,765)	10,166	50,931
APPROPRIATED FUND BALANCE	<u>40,765</u>	<u>-</u>	<u>(40,765)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	10,166	<u>\$ 10,166</u>
FUND BALANCE, beginning		<u>401,742</u>	
FUND BALANCE, ending		<u>\$ 411,908</u>	

OTHER SCHEDULES

TOWN OF FAIRVIEW, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

Exhibit B-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 93,920	\$ 93,740	\$ 180
2019-2020	1,097	243	984	356
2018-2019	361	243	242	362
2017-2018	60	157	136	81
2016-2017	64	27	43	48
2015-2016	44	-	27	17
2014-2015	43	-	1	42
2013-2014	43	-	2	41
2012-2013	41	-	2	39
2011-2012	51	-	3	48
2010-2011	119	-	119	-
	<u>\$ 1,923</u>	<u>\$ 94,590</u>	<u>\$ 95,299</u>	<u>\$ 1,214</u>

Reconcilement with revenues:

Ad Valorem Taxes - General Fund	\$ 95,615
Reconciling items:	
Interest collected	(435)
Collection of taxes previously written off	-
Refunds	-
Taxes written off	<u>119</u>
Total collections and credits	<u>\$ 95,299</u>

TOWN OF FAIRVIEW, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY
For the Year Ended June 30, 2021

Exhibit B-2

	Town-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 466,737,559	\$ 0.02	\$ 93,347	\$ 81,636	\$ 11,711
Penalties and adjustments	-		104	104	-
Total	<u>466,737,559</u>		<u>93,451</u>	<u>81,740</u>	<u>11,711</u>
Discoveries:					
Current year taxes	2,206,000	0.02	441	441	-
Penalties and adjustments	-		307	307	-
	<u>2,206,000</u>		<u>748</u>	<u>748</u>	<u>-</u>
Releases	<u>(1,392,750)</u>		<u>(279)</u>	<u>(279)</u>	<u>-</u>
Total property valuation	<u>\$ 467,550,809</u>				
Net levy			93,920	82,209	11,711
Unpaid (by taxpayer) taxes at June 30, 2021			<u>(180)</u>	<u>(180)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 93,740</u>	<u>\$ 82,029</u>	<u>\$ 11,711</u>
Current levy collection percentage			<u>99.81%</u>	<u>99.78%</u>	<u>100.00%</u>

TOWN OF FAIRVIEW, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2021

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL#/ CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Grant Funds Expended</u>		
			<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Grants:					
Cash Assistance:					
<u>U.S. Department of Treasury</u>					
Passed-through the Office of State Budget and Management:					
N.C. Pandemic Recovery Office:					
Passed-through Union County:					
Coronavirus Relief Fund	21.019		\$ 374	\$ -	\$ -

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Town of Fairview under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. Because the SEFSA presents only a selected portion of the operations of Town of Fairview, it is not intended to, and does not, present the financial position or changes in net position of Town of Fairview.

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 principles contained in OMB Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.