

TOWN OF SMITHFIELD

Financial Statements

Smithfield, North Carolina

For the Year Ended June 30, 2022

Town of Smithfield, North Carolina
Financial Statements
June 30, 2022

Mayor

M. Andy Moore

Town Council

John A Dunn - Mayor Pro-Tem

Marlon Lee - District 1

Sloan Steven - District 2

Travis Scott - District 3

Dr. David Barbour - District 4

Stephen Rabil - At-Large

Roger Wood - At-Large

Finance Director

Greg Siler

Town Manager

Michael Scott

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FINANCIAL SECTION



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**Alan W. Thompson, CPA
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Gregory S. Adams, CPA**

Independent Auditors' Report

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

Report on 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 Smithfield, North Carolina, as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Smithfield 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Smithfield and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

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

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

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 Smithfield'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.

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- exercised professional judgement and maintained professional skepticism throughout the
- 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 Smithfield's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 58 through 59, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 60 through 61, and the Changes in Total OPEB Liability and Related Ratios page 62, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Smithfield's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the Town of Smithfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Smithfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Smithfield's internal control over financial reporting and compliance.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
December 13, 2022

BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis

As management of the Town of Smithfield, we offer readers of the Town of Smithfield's financial statements this narrative overview and analysis of the financial activities of the Town of Smithfield for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

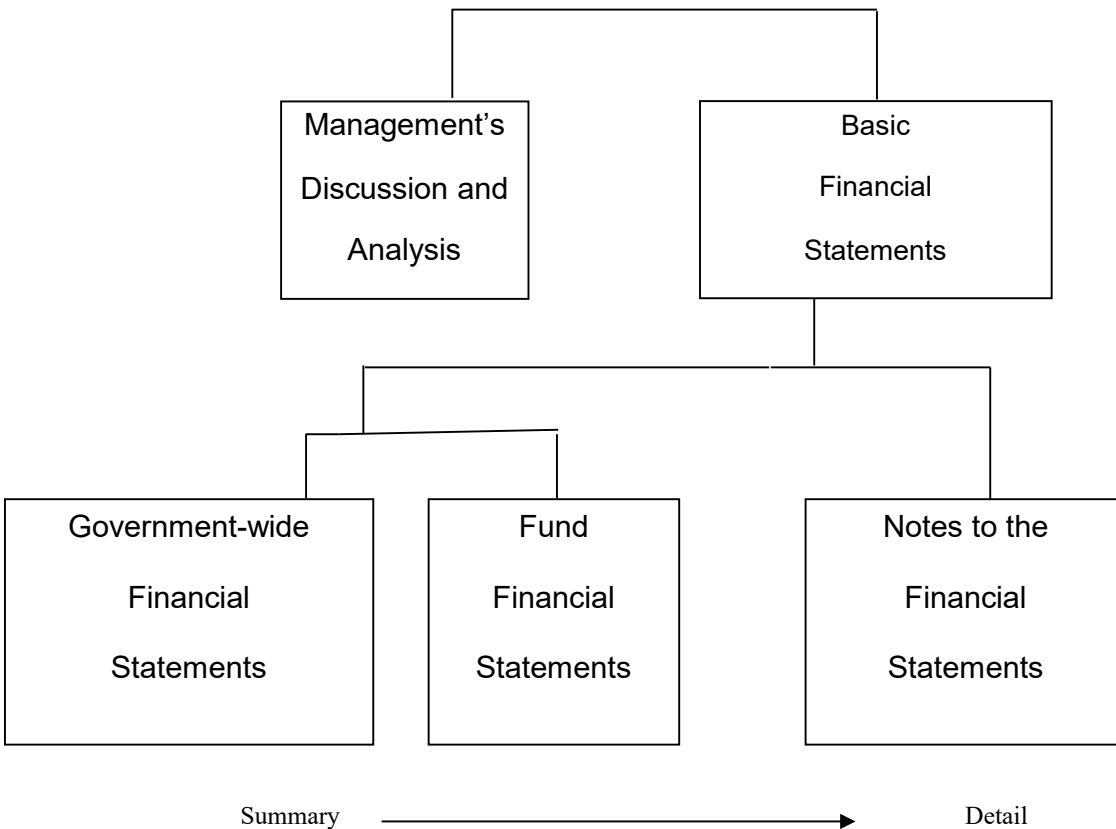
- The assets of the Town of Smithfield exceeded its liabilities at the close of the fiscal year by \$76,653,632 (net position).
- Total governments total net position increased by \$6,800,840, primarily due to increases in both the government-wide and the business -types activities net position.
- As of the close of the current fiscal year, the Town of Smithfield's governmental funds reported combined ending fund balances of \$16,150,325, a decrease of \$230,662 in comparison with the prior year. Approximately \$3,653,845 (22.62 percent) is unavailable (nonspendable or restricted by state statute); Approximately 66.84 percent is unassigned or available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,389,754 or 70.55 percent of total general fund expenditures for the fiscal year; compared to \$11,248,279 or 81.14 percent the prior fiscal year.
- The Town of Smithfield's total debt (excluding compensated absences, net pension liability, total pension liability, and total OPEB liability) increased by \$6,015,955 (29.33 percent) during the current fiscal year. The Town paid off two loans prior to their maturity date, but also received drawdowns from an escrow loan to fund the water sewer project.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 11) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-Wide Financial Statements

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

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

Government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. Governmental activities include most of the Town's basic services such as public safety, streets and public works, sanitation, culture and recreation, and general administration. Property taxes are those that the Town charges customers to provide services. These include the water, sewer, and electric services offered by the Town of Smithfield.

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Smithfield has two fiduciary funds; the J.B./J.P. George Beautification Trust Fund and the Firemen's Relief Fund.

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 included in this report after Exhibit 11 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Smithfield's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on Exhibit A-1 of this report.

Town of Smithfield's Net Position
Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 21,336,245	\$ 16,800,048	\$ 31,031,775	\$ 28,749,919	\$ 52,368,020	\$ 45,549,967
Capital assets	30,990,283	32,073,132	36,033,619	24,717,405	67,023,902	56,790,537
Deferred outflows of resources	4,890,066	4,086,041	1,346,135	1,105,267	6,236,201	5,191,308
Total assets and deferred outflows of resources	<u>57,216,594</u>	<u>52,959,221</u>	<u>68,411,529</u>	<u>54,572,591</u>	<u>125,628,123</u>	<u>107,531,812</u>
Current liabilities	5,459,982	1,430,124	3,264,551	3,882,827	8,724,533	5,312,951
Non-current liabilities	19,726,784	22,444,159	16,042,451	7,319,640	35,769,234	29,763,799
Deferred inflows of resources	1,710,765	137,421	562,516	34,393	2,273,281	171,814
Total liabilities and deferred inflows of resources	<u>26,897,531</u>	<u>24,011,704</u>	<u>19,869,517</u>	<u>11,236,860</u>	<u>46,767,048</u>	<u>35,248,564</u>
Net position:						
Invested in capital assets, net of related debt	26,734,766	25,259,943	23,394,225	20,995,412	50,128,991	46,255,355
Restricted	4,454,018	3,730,018	-	-	4,454,018	3,730,018
Unrestricted	<u>(2,568,353)</u>	<u>(2,117,204)</u>	<u>24,638,976</u>	<u>21,697,461</u>	<u>22,070,623</u>	<u>19,580,257</u>
Total net position	<u>\$ 28,620,431</u>	<u>\$ 26,872,757</u>	<u>\$ 48,033,201</u>	<u>\$ 42,692,873</u>	<u>\$ 76,653,632</u>	<u>\$ 69,565,630</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$76,653,632 as of June 30, 2022. The Town's net position increased by \$6,800,840 for the fiscal year ended June 30, 2022. The Town also recorded a prior period adjustment that increased beginning fund balance by \$287,162. The largest portion of net position, \$50,128,991 (65.40%) reflects the Town's investment in capital assets (e.g. land, buildings, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Smithfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town's net position \$4,454,018 (5.81%) represents resources that are subject to external restriction on how they may be used. The remaining balance of \$22,070,623 (28.79%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.88% and 99.94% in the Town-Wide and Downtown tax districts respectively.
- Increase in property tax revenues and local option sales tax.
- Continued low cost of debt due to the Town's credit rating.

Town of Smithfield' Changes in Net Position

Figure 3

	Governmental		Business-type		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 2,646,053	\$ 2,123,907	\$ 25,815,662	\$ 24,406,509	\$ 28,461,715	\$ 26,530,416
Operating grants and contributions	623,779	917,760	-	-	623,779	917,760
Capital grants and contributions	169,952	103,034	1,637,045	137,135	1,806,997	240,169
General revenues:						
Property taxes	7,925,742	7,597,071	-	-	7,925,742	7,597,071
Unrestricted intergovernmental	4,733,275	4,249,641	-	-	4,733,275	4,249,641
Other taxes and licenses	75,067	59,366	-	-	75,067	59,366
Investment earnings, unrestricted	11,873	13,560	17,898	26,091	29,771	39,651
Miscellaneous	171,869	208,790	-	749,012	171,869	957,802
Gain/Loss on disposal of fixed assets	8,000	20,410	-	-	8,000	20,410
Total revenues	16,365,610	15,293,539	27,470,605	25,318,747	43,836,215	40,612,286
Expenses						
General government	1,585,422	1,559,206	-	-	1,585,422	1,559,206
Public safety	6,629,700	6,541,684	-	-	6,629,700	6,541,684
Economic & physical develop	162,505	15,876	-	-	162,505	15,876
Streets and public works	2,270,350	1,964,517	-	-	2,270,350	1,964,517
Sanitation	1,614,349	1,369,321	-	-	1,614,349	1,369,321
Cultural and recreation	2,539,355	2,393,991	-	-	2,539,355	2,393,991
Interest on long-term debt	221,057	228,840	-	-	221,057	228,840
Electric	-	-	15,022,299	14,763,965	15,022,299	14,763,965
Water and sewer	-	-	6,990,338	7,508,246	6,990,338	7,508,246
Total expenses	15,022,738	14,073,435	22,012,637	22,272,211	37,035,375	36,345,646
Increase in net position before transfers	1,342,872	1,220,104	5,457,968	3,046,536	6,800,840	4,266,640
Transfers	117,640	-	(117,640)	-	-	-
Increase in net position	1,460,512	1,220,104	5,340,328	3,046,536	6,800,840	4,266,640
Net Position						
Beginning of year - July 1	26,872,757	25,652,653	42,692,873	39,646,337	69,565,630	65,298,990
Prior period adjustment	287,162	-	-	-	287,162	-
Beginning of year, as restated	27,159,919	25,652,653	42,692,873	39,646,337	69,852,792	65,298,990
End of year - June 30	\$ 28,620,431	\$ 26,872,757	\$ 48,033,201	\$ 42,692,873	\$ 76,653,632	\$ 69,565,630

Governmental activities. Governmental activities increased the Town's net position by \$1,460,512. Key elements of this increase are as follows:

- Increase in property tax and local option sales tax

Business-type activities: Business-type activities increased the Town's net position by \$5,340,328. Key elements of this increase are as follows:

- Increased fees resulted in increased charges for services
- Project expenses that are capitalized were funded partially by contributions from the County that are recognized as revenues without offsetting expenses

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Smithfield's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources; such information is useful in assessing the Town of Smithfield's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Smithfield. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,389,754, while total fund balance reached \$16,120,101. The Town currently has an available fund balance of 77.77% of total General Fund expenditures, while total fund balance represents 99.86% of that same amount.

At June 30, 2022, the governmental funds of the Town of Smithfield reported a combined fund balance of \$16,150,325, a 1.41% decrease from the prior year.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments were made during the year to increase the General Fund budget by \$3,335,867.

Proprietary Funds. The Town of Smithfield'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 totaled \$12,887,080 and the Electric Fund amounted to \$11,751,896. The total increase in net position for the Water and Sewer Fund was \$4,518,138 whereas the Electric Fund had a total increase in net position of \$822,190.

Capital Asset and Debt Administration

Capital Assets. The Town of Smithfield's capital assets for its governmental and business-type activities as of June 30, 2022 totals \$67,023,9052 (net of accumulated depreciation). These assets include buildings, land, improvements, equipment, vehicles, infrastructure, plants and distributions systems, and construction in progress.

Major capital asset transactions during the year include:

- camera and audio/visual upgrades
- vehicle for fire department
- police building expansion
- storm drainage improvements
- water plant expansion project
- improvements on water and sewer lines
- substation upgrades

Town of Smithfield's Capital Assets
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,390,048	\$ 6,390,048	\$ 10,000	\$ 10,000	\$ 6,400,048	\$ 6,400,048
Construction in progress	2,222,519	2,814,774	17,349,028	8,752,436	19,571,547	11,567,210
Building and improvements	17,471,184	17,423,139	-	-	17,471,184	17,423,139
Plant and distribution systems	-	-	35,705,476	33,194,575	35,705,476	33,194,575
Infrastructure	56,895,645	55,694,344	-	-	56,895,645	55,694,344
Equipment and vehicles	9,044,357	8,695,007	7,048,155	5,517,827	16,092,512	14,212,834
Total	92,023,753	91,017,312	60,112,659	47,474,838	152,136,412	138,492,150
Accumulated depreciation	(61,033,470)	(58,944,180)	(24,079,040)	(22,757,433)	(85,112,510)	(81,701,613)
Capital assets, net	\$ 30,990,283	\$ 32,073,132	\$ 36,033,619	\$ 24,717,405	\$ 67,023,902	\$ 56,790,537

Long-term Debt. As of June 30, 2022, the Town of Smithfield had total debt outstanding of \$17,326,098 as noted in the following table.

Town of Smithfield's Capital Assets
Installment Purchases, Revenue Bonds, and General Obligation Bonds
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment purchases	\$ 4,686,704	\$ 7,588,150	\$ 10,777,066	\$ 1,578,910	\$ 15,463,770	\$ 9,167,060
Revenue bonds	-	-	1,862,328	2,143,083	1,862,328	2,143,083
Total	\$ 4,686,704	\$ 7,588,150	\$ 12,639,394	\$ 3,721,993	\$ 17,326,098	\$ 11,310,143

The Town of Smithfield's total debt increased by \$17,326,098 during the past fiscal year, primarily due to principal payments on all outstanding debt being offset by an additional debt issuance during the year.

The state of North Carolina limits 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 that government's boundaries. The legal debt margin for the Town of Smithfield is approximately \$100,801,298.

Additional information regarding the Town of Smithfield's long-term debt can be found in the notes of this audited financial report.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: Smithfield continues to receive new development requests as the state of the Economy for Smithfield continues to improve. At the time of this report there were 10 new subdivision and 2 commercial requests in various stages of approval. Amazon is scheduled to complete construction of its warehouse/distribution facility and expected to occupy in 2023. The Town intends to move forward cautiously and conservatively with new economic spending. The Town budgeted an additional \$25,000 for economic initiatives related to technical assistance, incentive development, marketing, grant identification, submission and lobbying.

Again this year one state-wide act of legislation that will have an adverse impact on budgets, including the Town of Smithfield, is the increase in the employer contribution rate to the Local Government Employees Retirement System (LGERS). This increased the Town's contribution rate from 11.35% for local government employees to 12.15% and increased Law Enforcement Officer contributions from 12.1% to 13.04%.

Budgeted operational expenditures in the General Fund are expected to increase by 4.5% to \$15,877,035 over FY22 original budget with \$359,865 in self-funded capital expenditures; including a town-wide phone system replacement , fire equipment, and uses of Parks in Lieu Funds for a master plan for Parks and Recreation.

Other budget highlights in brief:

- Property tax rate to remain at \$.57 per 100 valuations
- Salary adjustment of 9 to 15 percent for all full time employees to bring employee salaries to comparable levels
- There are no new/additional personnel positions included in General Administration and Finance departments
- The Sanitation Department is expected to be self-funded by use fees.

Business-Type Activities: Plans to improve and expand the water plant were approved in FY21. Construction is underway with completion scheduled for fall of 2023. The first debt service payment will be made in FY23.

Budgeted operational expenditures in the Water/Sewer Fund are expected to increase by 15.7% to \$10,862,530 over FY22 original budget with \$2,117,580 in self-funded capital expenditures: including \$400,000 to continue to improve the East Smithfield water system, \$100,000 for Inflow Infiltration (I&I) Repairs, and \$1,095,880 EDA Grant match for a sewer outfall line . No additional full-time positions are funded.

No rate changes in water/sewer fees are proposed, however, Johnston County is evaluating their billing formulas and possibly increasing their wholesale wastewater fees which would cause sewer fees in Smithfield to increase proportionately.

Smithfield has been aggressive with its electric rates by lowering the average customer rate 6 times (or 12 percent overall) since 2016. Electricities does not plan for a wholesale rate increase in FY23. A recent rate review by Financial Solutions (UFS) indicated that a 2 percent increase in electric rates may be needed in fiscal years 2024 and 2025.

Budgeted operational expenditures in the Electric Fund are expected to decrease by .002% to \$16,705,650 under FY22 original budget. Notable capital expenditures include \$550,000 for voltage conversion and electric meters replacement.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Smithfield, PO Box 761, 350 East Market Street, Smithfield, NC 27577.

BASIC FINANCIAL STATEMENTS

Town of Smithfield, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,710,851	\$ 25,540,218	\$ 39,251,069
Restricted cash	5,418,484	854,674	6,273,158
Taxes receivables (net)	14,256	-	14,256
Accounts receivable (net)	185,526	2,922,273	3,107,799
Due from other governments	1,758,065	-	1,758,065
Lease receivable	61,830	-	61,830
Inventories	-	1,710,611	1,710,611
Prepaid Expenses	21,043	3,999	25,042
Total current assets	21,170,055	31,031,775	52,201,830
Non-Current assets:			
Note Receivable	166,190	-	166,190
Lease receivable	640,420	-	640,420
Capital Assets:			
Land, non-depreciable, improvements, and construction in process	8,612,567	17,359,028	25,971,595
Other capital assets, net of depreciation	22,377,716	18,674,591	41,052,307
Total capital assets	30,990,283	36,033,619	67,023,902
Total non-current assets	31,796,893	36,033,619	67,830,512
Total assets	52,966,948	67,065,394	120,032,342
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferrals	2,386,506	571,884	2,958,390
OPEB related deferrals	2,503,560	774,251	3,277,811
Total Deferred Outflows of Resources	4,890,066	1,346,135	6,236,201
LIABILITIES			
Current liabilities:			
Accounts payable - trade	543,206	1,410,798	1,954,004
Accrued payroll and payroll liabilities	30,752	131,193	161,945
Accrued interest payable	111,911	78,741	190,652
Customer deposits	-	854,674	854,674
Unearned revenues	4,375,021	-	4,375,021
Due within one year	399,092	789,145	1,188,237
Total current liabilities	5,459,982	3,264,551	8,724,533
Long-term liabilities:			
Net pension liability (LGERS)	1,069,561	366,805	1,436,366
Total OPEB liability	11,755,231	3,642,326	15,397,557
Total pension obligation (LEOSSA)	2,153,267	-	2,153,267
Due within one year	4,748,725	12,033,320	16,782,044
Total long-term liabilities	19,726,784	16,042,451	35,769,234
Total liabilities	25,186,766	19,307,001	44,493,767

(continued)

Town of Smithfield, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,710,765	562,516	2,273,281
OPEB related deferrals	1,642,137	508,811	2,150,948
Leases	696,915	-	696,915
Total Deferred Inflows of Resources	4,049,817	1,071,327	5,121,144
NET POSITION			
Net investment in capital assets	26,734,766	23,394,225	50,128,991
Restricted for:			
Stabilization by State Statute	3,632,802	-	3,632,802
USDA debt payments	154,905	-	154,905
Public safety	249,456	-	249,456
Transportation	415,097	-	415,097
Capital projects	1,758	-	1,758
Unrestricted	(2,568,353)	24,638,976	22,070,623
Total net position	<u>\$ 28,620,431</u>	<u>\$ 48,033,201</u>	<u>\$ 76,653,632</u>

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

Town of Smithfield, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 1,585,422	\$ 4,789	\$ -	\$ -	\$ (1,580,633)	\$ -	\$ (1,580,633)
Public safety	6,629,700	268,361	162,729	-	(6,198,610)	-	(6,198,610)
Street and Public Works	2,270,350	112,840	355,319	169,952	(1,632,239)	-	(1,632,239)
Economic and Physical Development	162,505	-	99,231	-	(63,274)	-	(63,274)
Sanitation	1,614,349	1,527,637	-	-	(86,712)	-	(86,712)
Cultural and Recreational	2,539,355	732,426	6,500	-	(1,800,429)	-	(1,800,429)
Interest on long-term debt	221,057	-	-	-	(221,057)	-	(221,057)
Total governmental activities	15,022,738	2,646,053	623,779	169,952	(11,582,954)	-	(11,582,954)
Business-type activities:							
Electric	15,022,299	15,833,777	-	-	-	811,478	811,478
Water and Sewer	6,990,338	9,981,885	-	1,637,045	-	4,628,592	4,628,592
Total business-type activities	22,012,637	25,815,662	-	1,637,045	-	5,440,070	5,440,070
Total primary government	\$ 37,035,375	\$ 28,461,715	\$ 623,779	\$ 1,806,997	(11,582,954)	5,440,070	(6,142,884)
General revenues:							
Taxes:							
Ad valorem taxes					7,925,742	-	7,925,742
Unrestricted intergovernmental					4,733,275	-	4,733,275
Other taxes and licenses					75,067	-	75,067
Unrestricted investment earnings					11,873	17,898	29,771
Gain on disposal of fixed assets					8,000	-	8,000
Miscellaneous					171,869	-	171,869
Transfers					117,640	(117,640)	-
Total general revenues, special items, and transfers					13,043,466	(99,742)	12,943,724
Change in net position					1,460,512	5,340,328	6,800,840
Net position, beginning					26,872,757	42,692,873	69,565,630
Prior period adjustment (see Note IX)					287,162	-	287,162
Net position beginning, as restated					27,159,919	42,692,873	69,852,792
Net position, ending					\$ 28,620,431	\$ 48,033,201	\$ 76,653,632

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

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

	Major Funds				Non-major Funds	Total Governmental Funds
	General	ARPA Fund	SCIF Fund	General Funds Capital Projects		
ASSETS						
Cash and investments	\$ 13,463,298	\$ 941	\$ 267	\$ 34,004	\$ 212,341	\$ 13,710,851
Restricted Cash	612,276	1,899,191	1,525,830	1,381,187	-	5,418,484
Receivables, net:						
Taxes	14,256	-	-	-	-	14,256
Accounts	185,526	-	-	-	-	185,526
Due from other governments	1,664,707	-	-	-	93,358	1,758,065
Leases receivable	702,250	-	-	-	-	702,250
Due from other funds	706,923	-	-	-	-	706,923
Prepaid Expenses	21,043	-	-	-	-	21,043
Total assets	<u>\$ 17,370,279</u>	<u>\$ 1,900,132</u>	<u>\$ 1,526,097</u>	<u>\$ 1,415,191</u>	<u>\$ 305,699</u>	<u>\$ 22,517,398</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 508,255	\$ -	\$ -	\$ 34,951	\$ -	\$ 543,206
Accrued payroll and payroll liabilities	30,752	-	-	-	-	30,752
Due to other funds	-	-	-	626,294	80,629	706,923
Unearned revenues	-	1,899,191	1,525,830	950,000	-	4,375,021
Total liabilities	<u>539,007</u>	<u>1,899,191</u>	<u>1,525,830</u>	<u>1,611,245</u>	<u>80,629</u>	<u>5,655,902</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	14,256	-	-	-	-	14,256
Leases	696,915	-	-	-	-	696,915
Total deferred inflows of resources	<u>711,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>711,171</u>
Fund balances:						
Nonspendable:						
Prepaid expenses	21,043	-	-	-	-	21,043
Leases	5,335	-	-	-	-	5,335
Restricted:						
Stabilization by State Statute	3,539,444	-	-	-	93,358	3,632,802
USDA debt payments	154,905	-	-	-	-	154,905
Public safety	42,274	-	-	-	207,182	249,456
Streets	415,097	-	-	-	-	415,097
Capital projects	-	941	267	-	550	1,758
Committed:						
Bingham Park	349,461	-	-	-	-	349,461
Assigned:						
Recreation Development	162,913	-	-	-	-	162,913
Subsequent year's expenditures	39,875	-	-	-	-	39,875
Unassigned	11,389,754	-	-	(196,054)	(76,020)	11,117,680
Total fund balances	<u>16,120,101</u>	<u>941</u>	<u>267</u>	<u>(196,054)</u>	<u>225,070</u>	<u>16,150,325</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,370,279</u>	<u>1,900,132</u>	<u>1,526,097</u>	<u>\$ 1,415,191</u>	<u>\$ 305,699</u>	

(continued)

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

**Town of Smithfield
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	\$ 16,150,325
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,990,283
Notes receivable	166,190
Earned revenues considered deferred inflows of resources in fund statements.	14,256
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	655,323
Benefit payments and pension administration costs for LEOSSA	32,617
Deferred outflows of resources related to OPEB are not reported in the funds	2,503,560
Deferred outflows of resources related to pensions are not recorded on the fund statements	1,698,566
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	
Installment Purchase Agreements	(4,686,704)
Compensated Absences	(461,113)
Net pension liability (LGERS)	(1,069,561)
Total pension liability (LEOSSA)	(2,153,267)
Total OPEB liability	(11,755,231)
OPEB related deferrals	(1,642,137)
Pension related deferrals	(1,710,765)
Accrued interest payable	(111,911)
Net position of governmental activities	<u>\$ 28,620,431</u>

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

Town of Smithfield
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds				Non-major Funds	Total Governmental Funds
	General Fund	ARPA Fund	SCIF Fund	General Funds Capital Projects		
REVENUES						
Ad valorem taxes	\$ 7,715,148	\$ -	\$ -	\$ -	\$ 220,240	\$ 7,935,388
Other taxes and licenses	75,067	-	-	-	-	75,067
Unrestricted intergovernmental	4,733,275	-	-	-	-	4,733,275
Restricted intergovernmental	524,549	169,952	-	-	99,231	793,732
Sales and services	2,654,020	-	-	-	-	2,654,020
Investment earnings	10,665	941	267	-	-	11,873
Miscellaneous	147,995	-	-	-	23,874	171,869
Total revenues	15,860,719	170,893	267	-	343,345	16,375,224
EXPENDITURES						
Current:						
General government	1,516,181	-	-	-	-	1,516,181
Public safety	6,266,652	-	-	-	-	6,266,652
Street and Public Works	1,558,292	-	-	-	-	1,558,292
Sanitation	1,552,107	-	-	-	-	1,552,107
Economic and physical development	-	-	-	-	162,505	162,505
Cultural and recreation	1,929,283	-	-	-	-	1,929,283
Debt service:						
Principal	2,901,446	-	-	-	-	2,901,446
Interest and other charges	267,363	-	-	-	-	267,363
Capital outlay	-	169,952	-	407,745	-	577,697
Total expenditures	15,991,324	169,952	-	407,745	162,505	16,731,526
Excess (deficiency) of revenues over expenditures	(130,605)	941	267	(407,745)	180,840	(356,302)
OTHER FINANCING SOURCES (USES)						
Transfers (to) other funds	(152,000)	-	-	-	(175,400)	(327,400)
Transfers from other funds	293,040	-	-	152,000	-	445,040
Sales of capital assets	8,000	-	-	-	-	8,000
Total other financing sources (uses)	149,040	-	-	152,000	(175,400)	125,640
Net Change in fund balance	18,435	941	267	(255,745)	5,440	(230,662)
Fund balances, beginning as previously reported	15,814,504	-	-	59,691	219,630	16,093,825
Prior period adjustment (see Note IX)	287,162	-	-	-	-	287,162
Fund balance, beginning, as restated	16,101,666	-	-	59,691	219,630	16,380,987
Fund balances, ending	\$ 16,120,101	\$ 941	\$ 267	\$ (196,054)	\$ 225,070	\$ 16,150,325

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

Town of Smithfield
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, 2022

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

Net changes in fund balances - total governmental funds		\$ (230,662)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	1,006,441	
Depreciation expense for governmental assets	(2,089,290)	
Loss on disposal of capital assets	-	(1,082,849)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		655,323
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		252,146
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position		32,617
Principal payments on note receivable		(7,968)
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		(9,646)
<p>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.</p>		
Principal payments on debt	2,901,446	2,901,446
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)		46,306
<p>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.</p>		
Compensated absences		(11,776)
Pension expense		(661,271)
OPEB expense		(423,154)
Total changes in net position of governmental activities		\$ 1,460,512

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

Town of Smithfield
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Annual Budget and Actual
General Fund
For the Year Ended June 30, 2022

General Fund				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 7,098,800	\$ 7,098,800	\$ 7,715,148	\$ 616,348
Other taxes and licenses	62,900	62,900	75,067	12,167
Unrestricted intergovernmental	3,924,756	3,924,756	4,733,275	808,519
Restricted intergovernmental	553,550	553,550	524,549	(29,001)
Sales and services	2,243,657	2,270,657	2,654,020	383,363
Investment earnings	10,000	10,000	10,655	655
Miscellaneous	89,500	89,500	147,995	58,495
Total revenues	<u>13,983,163</u>	<u>14,010,163</u>	<u>15,860,709</u>	<u>1,850,546</u>
Expenditures:				
Current:				
General government	1,596,709	1,726,423	1,516,181	210,242
Public safety	6,741,779	6,754,352	6,266,652	487,700
Street and Public Works	1,703,477	2,250,890	1,558,292	692,598
Sanitation	1,427,540	1,669,840	1,552,107	117,733
Cultural and recreation	2,150,365	2,249,216	1,929,283	319,933
Debt service:				
Principal retirement	616,614	2,901,630	2,901,446	184
Interest and other charges	267,500	267,500	267,363	137
Total expenditures	<u>14,503,984</u>	<u>17,819,851</u>	<u>15,991,324</u>	<u>1,828,527</u>
Revenues over (under) expenditures	<u>(520,821)</u>	<u>(3,809,688)</u>	<u>(130,615)</u>	<u>3,679,073</u>
Other financing sources (uses):				
Appropriated (Unappropriated) fund balance	339,781	3,648,648	-	(3,648,648)
Sale of fixed assets	20,000	20,000	8,000	(12,000)
Transfers to other funds	(132,000)	(152,000)	(152,000)	-
Transfer from other funds	293,040	293,040	293,040	-
Total other financing sources (uses)	<u>520,821</u>	<u>3,809,688</u>	<u>149,040</u>	<u>(3,660,648)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>18,425</u>	<u>\$ 18,425</u>
Fund balances, beginning			15,633,140	
Prior Period Adjustment (see Note IX)			<u>287,162</u>	
Fund balances, ending			<u>\$ 15,938,727</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			\$ 10	
Fund balance, beginning of year			<u>181,364</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 16,120,101</u>	

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

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

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 11,362,912	\$ 14,177,306	\$ 25,540,218
Restricted cash	635,034	219,640	854,674
Accounts receivable (net)	1,738,621	1,183,652	2,922,273
Inventories	1,477,259	233,352	1,710,611
Prepaid Expenses	3,999	-	3,999
Total current assets	<u>15,217,825</u>	<u>15,813,950</u>	<u>31,031,775</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	1,303,212	16,055,816	17,359,028
Other capital assets, net of depreciation	8,737,362	9,937,229	18,674,591
Capital assets (net)	<u>10,040,574</u>	<u>25,993,045</u>	<u>36,033,619</u>
Total noncurrent assets	<u>10,040,574</u>	<u>25,993,045</u>	<u>36,033,619</u>
Total assets	<u>25,258,399</u>	<u>41,806,995</u>	<u>67,065,394</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan	112,936	111,807	224,743
Deferred outflows related to pensions	174,442	172,699	347,141
Deferred outflows related to OPEB	292,111	482,140	774,251
Total Deferred Outflows of Resources	<u>579,489</u>	<u>766,646</u>	<u>1,346,135</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,109,869	300,929	1,410,798
Accrued payroll and payroll liabilities	77,735	53,458	131,193
Customer deposits	635,034	219,640	854,674
Accrued interest payable	47,700	31,041	78,741
Compensated absences - current	24,081	21,687	45,768
Current portion of long-term debt	288,755	454,622	743,377
Total current liabilities	<u>2,183,174</u>	<u>1,081,377</u>	<u>3,264,551</u>
Noncurrent liabilities:			
Other non-current liabilities:			
Compensated absences	72,242	65,060	137,303
Net pension liability	184,324	182,481	366,805
Total OPEB Liability	1,414,206	2,228,120	3,642,326
Non-current portion of long-term debt	1,573,573	10,322,444	11,896,017
Total non-current liabilities	<u>3,244,345</u>	<u>12,798,105</u>	<u>16,042,451</u>
Total liabilities	<u>5,427,519</u>	<u>13,879,482</u>	<u>19,307,001</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	282,671	279,845	562,516
OPEB deferrals	197,556	311,255	508,811
Total Deferred Inflows of Resources	<u>480,227</u>	<u>591,100</u>	<u>1,071,327</u>
NET POSITION			
Net Investment in capital assets	8,178,246	15,215,979	23,394,225
Unrestricted	11,751,896	12,887,080	24,638,976
Total net position	<u>\$ 19,930,142</u>	<u>\$ 28,103,059</u>	<u>\$ 48,033,201</u>

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

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

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 15,560,597	\$ 9,860,823	\$ 25,421,420
Other operating revenues	273,180	121,062	394,242
Total operating revenues	<u>15,833,777</u>	<u>9,981,885</u>	<u>25,815,662</u>
OPERATING EXPENSES			
Utility Operations	2,479,157	1,939,895	4,419,052
Electrical purchases	11,821,114	-	11,821,114
Water and sewer distributions	-	4,344,844	4,344,844
Depreciation	667,384	654,224	1,321,608
Total operating expenses	<u>14,967,655</u>	<u>6,938,963</u>	<u>21,906,618</u>
Operating income (loss)	<u>866,122</u>	<u>3,042,922</u>	<u>3,909,044</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	10,712	7,186	17,898
Interest and other charges	<u>(54,644)</u>	<u>(51,375)</u>	<u>(106,019)</u>
Total nonoperating revenues (expenses)	<u>(43,932)</u>	<u>(44,189)</u>	<u>(88,121)</u>
Income (loss) before contributions and transfers	822,190	2,998,733	3,820,923
Capital contributions	-	1,637,045	1,637,045
Transfer in (out)	<u>-</u>	<u>(117,640)</u>	<u>(117,640)</u>
Change in net position	<u>822,190</u>	<u>4,518,138</u>	<u>5,340,328</u>
Total net position , beginning	<u>19,107,952</u>	<u>23,584,921</u>	<u>42,692,873</u>
Total net position, ending	<u>\$ 19,930,142</u>	<u>\$ 28,103,059</u>	<u>\$ 48,033,201</u>

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

Town of Smithfield
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 15,285,223	\$ 9,637,608	\$ 24,922,831
Cash paid for goods and services	(12,920,531)	(5,238,788)	(18,159,319)
Cash paid to or on behalf of employees for services	(1,688,158)	(1,761,846)	(3,450,004)
Net customer deposits	75,093	64,860	139,953
Other operating revenues	273,180	121,062	394,242
Net cash provided (used) by operating activities	<u>1,024,807</u>	<u>2,822,896</u>	<u>3,847,703</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase in due from other funds	-	-	-
Increase in due to other funds	-	-	-
Transfers in (out)	-	(117,640)	(117,640)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(117,640)</u>	<u>(117,640)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(462,257)	(12,175,564)	(12,637,821)
Capital contributions	-	1,637,045	1,637,045
Proceeds from debt	-	9,652,778	9,652,778
Principal paid on bonds and installment purchases	(280,755)	(454,622)	(735,377)
Interest paid on bonds and installment purchases	(61,830)	(35,972)	(97,802)
Net cash provided (used) by capital and related financing activities	<u>(804,842)</u>	<u>(1,376,335)</u>	<u>(2,181,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	10,796	7,186	17,982
Net cash provided (used) by investing activities	<u>10,796</u>	<u>7,186</u>	<u>17,982</u>
Net increase (decrease) in cash and investments	230,761	1,336,107	1,566,868
Balances, beginning	<u>11,767,185</u>	<u>13,060,839</u>	<u>24,828,024</u>
Balances, ending	<u>\$ 11,997,946</u>	<u>\$ 14,396,946</u>	<u>\$ 26,394,892</u>

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

Town of Smithfield
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Major Enterprise Funds		
	Electric Fund	Water and Sewer Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 866,122	\$ 3,042,922	\$ 3,909,044
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	667,384	654,224	1,321,608
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(275,374)	(223,214)	(498,588)
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventory	(255,154)	38,670	(216,484)
(Increase) decrease in prepaid expenses	-	-	-
(Increase) in deferred outflows of resources - pensions	(35,693)	(35,336)	(71,029)
(Increase) in deferred outflows of resources - OPEB	(55,116)	(114,722)	(169,838)
Increase (decrease) in accounts payable and accrued	(49,562)	(744,327)	(793,889)
Increase (decrease) in accrued payroll and payroll liabilities	17,785	5,527	23,312
Increase (decrease) in customer deposits	75,093	64,860	139,953
Increase (decrease) in accrued vacation pay	(14,610)	(1,356)	(15,966)
Increase (decrease) in net pension liability	(271,214)	(268,504)	(539,718)
Increase (decrease) in deferred inflows of resources - pension	265,388	262,735	528,123
Increase (decrease) in deferred inflows of resources - OPEB	(52,047)	(82,001)	(134,048)
Increase (decrease) in OPEB liability	141,805	223,418	365,223
Total adjustments	<u>\$ 158,685</u>	<u>\$ (220,026)</u>	<u>\$ (61,341)</u>
Net cash provided by operating activities	<u>\$ 1,024,807</u>	<u>\$ 2,822,896</u>	<u>\$ 3,847,703</u>

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

**Town of Smithfield
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022**

	Private-Purpose Trust Fund	Custodial Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 132,197	\$ 84,737	\$ 216,934
Accounts receivable	30	-	30
Total assets	<u>132,227</u>	<u>84,737</u>	<u>216,964</u>
LIABILITIES			
Current liabilities:			
Miscellaneous liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for:			
JB George Beautification Trust	132,227	-	132,227
Firemen's Relief	<u>-</u>	<u>84,737</u>	<u>84,737</u>
Total fiduciary net position	<u>\$ 132,227</u>	<u>\$ 84,737</u>	<u>\$ 216,964</u>

Town of Smithfield
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Fund</u>	<u>Total</u>
ADDITIONS			
State Reimbursements	\$ -	\$ 9,503	\$ 9,503
Investment earnings	367	79	446
Total Additions	<u>367</u>	<u>9,582</u>	<u>9,949</u>
DEDUCTIONS			
Special projects	3,308	-	3,308
Payments on behalf of firefighters	-	20,915	20,915
Total Deductions	<u>3,308</u>	<u>20,915</u>	<u>24,223</u>
Net increase (decrease) in fiduciary net position	(2,941)	(11,333)	(14,274)
Net position, beginning	<u>135,168</u>	<u>96,070</u>	<u>231,238</u>
Total net position, ending	<u>\$ 132,227</u>	<u>\$ 84,737</u>	<u>\$ 216,964</u>

Town of Smithfield, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Smithfield (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant account policies:

A. Reporting Entity

The Town is a municipal corporation, which is governed by an elected mayor and seven-member council. As required by generally accepted accounting principles, these financial statement include all funds that are controlled by, or financially dependent on, the Town. There are no separate organizations for which the Town is financial accountable.

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. 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 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, including fiduciary fund. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – 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. Nonoperating 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. It is used to account 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, sanitation, debt service, and general governmental services.

ARPA Fund. The ARPA Fund is the fund used to track Coronavirus State Local Fiscal Recovery Funds received by the Town.

SCIF Fund. The SCIF Fund is the fund used to track State Capital and Infrastructure funds received by the Town.

General Fund Capital Projects. This fund is the fund which all general government projects are reported.

The Town reports the following major enterprise funds:

Enterprise Funds. The enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the General Public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net purposes. The Town has two enterprise funds: the Electric Fund and the Water and Sewer Fund. For financial reporting purposes, the Electric Capital Projects Fund, the Water and Sewer Capital Projects Fund, and the Water Plant Expansion Capital Project Fund have been consolidated with the Electric Fund and the Water and Sewer Fund.

The Town reports the following non-major governmental funds:

Smithfield Fire Tax District Special Revenue Fund. This fund is used to account for fire district taxes.

FEMA Elevations and Acquisitions: This fund is used to account for the properties that the Town has purchased with FEMA monies to use as green space.

CDBG-NR Capital Project Fund: This fund is used to account for CDBG grant funds received for a neighborhood revitalization project.

The Town reports the following fund types:

Trust Funds. Trust funds are used to account for trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The Town maintains one private-purpose trust fund: the J.B. George Beautification Trust Fund, which was created to preserve for the future beauty of the Town of Smithfield. The trust permits its earnings to be expended to support specific projects.

Custodial Fund. Custodial Funds are used to account for assets held as an agent for individuals, private organizations, other governments or other funds. They are custodial in nature and do not involve measurement of results or operations. The Town has one custodial fund fund: the Firemen's Relief Fund.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's 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 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Johnston County and remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by 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, the Smithfield Fire District Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the capital project funds and the ARPA fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town manager is authorized to reallocate departmental appropriations among the various objects of expenditures and is authorized to approve interdepartmental transfers, in the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is affected. Any such transfer shall be reported to the Town Council at its next regular meeting and shall be entered into the minutes. During the year, several amendments to the original budget were necessary.

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and Super NOW 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 reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

Unexpended police drug forfeiture money is classified as restricted cash within the General Fund because their use is completely restricted to the purpose for which the funds were collected. Amounts restricted as required by USDA loan agreements are classified as restricted cash within the General Fund because they can be expended only for the purposes of maintaining, repairing, constructing, or widening of local streets per G.S. 136-41.1 through 136-41.1. Unexpended loan proceeds are also reflected as restricted cash in the General Fund. Unspent grant proceeds are considered restricted cash. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected and are classified as restricted cash in the enterprise funds, as are unexpended loan proceeds (if any).

Town of Smithfield Restricted Cash

Governmental Activities		
General Fund		
Streets	\$	415,097
Unexpended police drug forfeiture		42,274
Unspent loan proceeds		431,187
Unspent grant funds (ARPA)		1,899,191
Unspent grant funds (SCIF)		2,475,830
USDA loan requirements		154,905
Total governmental activities	\$	<u>5,418,484</u>
Business-type Activities		
Electric Fund		
Customer Deposits	\$	635,034
Water and Sewer Fund		
Customer Deposits		219,640
Total business-type activities	\$	<u>854,674</u>
Total Restricted Cash	\$	<u><u>6,273,158</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on 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, 2021. Johnston County bills and collects property taxes on behalf of the Town. Upon collection, the County remits the funds to the Town less a 2% administrative fee.

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. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

8. Capital Assets

Capital assets are recorded at original cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical 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.

Certain items acquired before July 1, 1970 are recorded at an estimated original cost. The total of such estimates is not considered large enough that the errors would be material when capital assets are considered as a whole. Capital expenditures over \$5,000 are recorded as general capital assets. Capitalization thresholds never fall below \$5,000. Tangible assets, such as lightpoles, transformers, equipment, machinery and vehicles are capitalized at \$10,000. Buildings and Improvements are capitalized at \$20,000. Land and Infrastructure is capitalized at \$40,000. And distributions systems are capitalized at \$20,000.

Capital assets are depreciated using the straight-line method over the following useful lives to cost of the assets:

Asset Class	Years
Buildings	40
Improvements	20
Vehicles	5
Furniture & Equipment	10
Computer Equipment	5
Data handling equipment except computers	6
Heavy duty general purpose trucks	6
Tractor units-over road use	4
Trailers	6

9. Right to Use Assets

The Town has considered 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. The Town only had one copier lease that was considered immaterial.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has three items that meets this criterion; contributions made to the pension plan in the current fiscal year, pension related deferrals, and OPEB related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category - property taxes receivable, deferrals of pension expense, OPEB related deferrals, and leases.

11. Long-Term Obligations

In the government-wide financial statements, and in the 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 issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In the fund financial statements for governmental fund types, the face amount of debt is reported as an other financing source.

The Town's long-term debt for electric purposes and water and sewer system improvements is carried within the Electric Fund and the Water and Sewer Fund. The debt service requirements for that debt are being met by the respective electric and water and sewer revenues, but the taxing power of the Town is pledged to make these payments if electric and water and sewer revenues should ever be insufficient.

12. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have an obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

13. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated \$4,138,286 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,069,143 was received in July 2021. The second installment will be received in mid-2022. Town staff and the Town Council have elected to use \$169,952 of the ARPA funds for Cedar Drive Storm Drainage repairs. The Town plans on using the rest of the funds for other capital projects starting in Fiscal Year 2023.

14. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund 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, laws or regulations of other governments, or imposed by law through State statutes.

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:

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

Leases - portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

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

Restricted for USDA debt payments - portion of fund balance that is restricted for future debt payments.

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

Restricted for Public Safety - portion of fund balance restricted by revenue source of public safety related activities such as federal forfeiture and controlled substance funds.

Restricted for Capital Projects - portion of the fund balance restricted by revenue source for capital projects.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Smithfield'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 Smithfield intends to use for specific purposes.

Assigned for Recreation Development - portion of fund balance assigned for acquisition and development of recreation, park, an open space sites to serve the residents of the development and the residents of the immediate neighborhood within the development is located.

Assigned for 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.

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

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has not officially adopted a fund balance policy.

15. Defined Benefit Cost-Sharing Plans

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

16. Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant area where estimates are made are allowance for doubtful accounts and depreciation lives.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with Bond Covenants

None.

B. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits, 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 property secured.

At June 30, 2022, the Town's deposits had a carrying amount of \$43,354,777 and a bank balance of \$43,263,008. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$42,263,008 was covered by collateral held under the Pooling Method. The Town's petty cash totaled \$886 at June 30, 2022.

2. Investments

At June 30, 2022, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 06/30/2022	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 2,387,246	N/A	AAAm
Total:		2,387,246		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1: Debt securities using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The Town does not have a formal investment policy that specifically limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

Credit Risk. The Town has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2022. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard and Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2022.

Concentration of Credit Risk. The Town places no limit on the amount that the Town may invest in any one issuer.

3. Receivables – Allowance for Doubtful Accounts

The receivables shown in Exhibit 1 at June 30, 2022, were as follows:

	Accounts	Taxes	Due from other governments	Total
Governmental Activities:				
General	\$ 187,150	\$ 28,910	\$ 1,664,707	\$ 1,880,767
Other Governmental	-	-	93,358	93,358
Allowance for doubtful accounts	(1,624)	(14,654)	-	(16,278)
Total governmental activities	<u>\$ 185,526</u>	<u>\$ 14,256</u>	<u>\$ 1,758,065</u>	<u>\$ 1,957,847</u>
Business-Type Activities:				
Electric	\$ 1,755,424	\$ -	\$ -	\$ 1,755,424
Water and Sewer	1,185,245	-	-	1,185,245
Allowance for doubtful accounts	(18,396)	-	-	(18,396)
Total business-type activities	<u>\$ 2,922,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,922,273</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 959,110
Franchise tax	249,850
Sales tax	313,597
Grants Receivable	93,358
Motor Vehicle - Due from the County	142,150
	<u>\$ 1,758,065</u>

Note Receivable

In 2007, the Town loaned Downtown Smithfield Development Corporation \$250,000 for special projects. The loan is due in annual installments of \$12,757 through 2039, with an interest rate of 2.75%.

Future maturities of the note are as follows:

	Principal	Interest	Total
2023	\$ 8,187	\$ 4,570	\$ 12,757
2024	8,400	4,357	12,757
2025	8,643	4,114	12,757
2026	8,881	3,876	12,757
2027	9,125	3,632	12,757
2028-2032	49,512	14,273	63,785
2033-2037	56,719	7,066	63,785
2038-2042	16,723	582	17,305
	<u>\$ 166,190</u>	<u>\$ 42,470</u>	<u>\$ 208,660</u>

Lease Receivable

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, the Town entered into a 244 month lease as Lessor for the use of Cingular (AT&T). An initial lease receivable was recorded in the amount of \$255,168. As of 06/30/2022, the value of the lease receivable is \$245,057. The lessee is required to make annual fixed payments of \$12,000. The lease has an interest rate of 2.2200%. The value of the deferred inflow of resources as of 06/30/2022 was \$242,619, and the Town recognized lease revenue of \$12,549 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

On 07/01/2021, the Town entered into a 240 month lease as Lessor for the use of ALLTEL (Verizon). An initial lease receivable was recorded in the amount of \$301,917. As of 06/30/2022, the value of the lease receivable is \$287,153. The lessee is required to make monthly fixed payments of \$1,288. The lease has an interest rate of 0.2370%. The value of the deferred inflow of resources as of 06/30/2022 was \$286,880, and the Town recognized lease revenue of \$15,037 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

On 07/01/2021, Town of Smithfield,NC entered into a 60 month lease as Lessor for the use of Sprint Cell Tower (T-Mobile). An initial lease receivable was recorded in the amount of \$209,269. As of 06/30/2022, the value of the lease receivable is \$170,041. The lessee is required to make monthly fixed payments of \$3,306. The lease has an interest rate of 0.2530%. The value of the deferred inflow of resources as of 06/30/2022 was \$167,415, and the Town recognized lease revenue of \$41,854 during the fiscal year.

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2023	\$ 61,830	\$ 6,484	\$ 68,314
2024	63,339	6,202	69,540
2025	64,894	5,909	70,803
2026	66,492	5,611	72,103
2027	24,497	5,359	29,856
2028 - 2032	129,174	22,986	152,160
2033 - 2037	151,959	15,177	167,136
2038 - 2042	140,065	4,703	144,768
	<u>\$ 702,250</u>	<u>\$ 72,430</u>	<u>\$ 774,681</u>

4. Capital Assets

Primary Government

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,390,048	\$ -	\$ -	\$ 6,390,048
Construction in Progress	2,814,774	577,697	1,169,952	2,222,519
Total capital assets not being depreciated	<u>9,204,822</u>	<u>577,697</u>	<u>1,169,952</u>	<u>8,612,567</u>
Capital assets being depreciated:				
Buildings and improvements	17,423,139	48,045	-	17,471,184
Infrastructure	55,694,344	1,201,301	-	56,895,645
Equipment and vehicles	8,695,007	349,350	-	9,044,357
Total capital assets being depreciated	<u>81,812,490</u>	<u>1,598,696</u>	<u>-</u>	<u>83,411,186</u>
Less accumulated depreciation for:				
Buildings and improvements	9,854,645	719,083	-	10,573,728
Infrastructure	43,835,525	875,323	-	44,710,848
Equipment and vehicles	5,254,010	494,884	-	5,748,894
Total accumulated depreciation	<u>58,944,180</u>	<u>\$ 2,089,290</u>	<u>\$ -</u>	<u>61,033,470</u>
Total capital assets being depreciated, net	<u>22,868,310</u>			<u>22,377,716</u>
Governmental activity capital assets, net	<u>\$ 32,073,132</u>			<u>\$ 30,990,283</u>

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

General government	\$ 181,946
Public safety	422,194
Street and public works	749,907
Sanitation	64,775
Cultural and recreational	670,468
	<u>\$ 2,089,290</u>

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Business-type activities:				
Electric Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	2,276,179	436,609	1,409,576	1,303,212
Total capital assets not being depreciated	<u>2,276,179</u>	<u>436,609</u>	<u>1,409,576</u>	<u>1,303,212</u>
Capital assets being depreciated:				
Plant and distribution systems	15,343,297	-	-	15,343,297
Equipment	2,470,937	1,435,224	-	3,906,161
Total capital assets being depreciated	<u>17,814,234</u>	<u>1,435,224</u>	<u>-</u>	<u>19,249,458</u>
Less accumulated depreciation for:				
Plant and distribution systems	7,528,425	584,937	-	8,113,362
Equipment	2,316,287	82,447	-	2,398,734
Total accumulated depreciation	<u>9,844,712</u>	<u>\$ 667,384</u>	<u>\$ -</u>	<u>10,512,096</u>
Total capital assets being depreciated, net	<u>7,969,522</u>			<u>8,737,362</u>
Electric fund capital assets, net	<u>\$ 10,245,701</u>			<u>\$ 10,040,574</u>

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in progress	6,476,257	11,946,575	2,377,016	16,045,816
Total capital assets not being depreciated	<u>6,486,257</u>	<u>11,946,575</u>	<u>2,377,016</u>	<u>16,055,816</u>
Capital assets being depreciated:				
Plant and distribution systems	17,851,278	2,510,901	-	20,362,179
Furniture and maintenance equipment	3,046,890	95,104	-	3,141,994
Total capital assets being depreciated	<u>20,898,168</u>	<u>2,606,005</u>	<u>-</u>	<u>23,504,173</u>
Less accumulated depreciation for:				
Plant and distribution systems	10,695,701	492,584	-	11,188,285
Equipment	2,217,020	161,639	-	2,378,659
Total accumulated depreciation	<u>12,912,721</u>	<u>\$ 654,223</u>	<u>\$ -</u>	<u>13,566,944</u>
Total capital assets being depreciated, net	<u>7,985,447</u>			<u>9,937,229</u>
Water and Sewer fund capital assets, net	<u>\$ 14,471,704</u>			<u>\$ 25,993,045</u>
Business-type activities capital assets, net	<u>\$ 24,717,405</u>			<u>\$ 36,033,619</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Smithfield is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, or 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 of 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 Smithfield 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 Smithfield contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.41% 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 Smithfield were \$880,066 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 \$1,436,366 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 0.0937%, which was a decrease of 0.0057% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$556,520. 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	\$ 456,960	\$ -
Changes of assumptions	902,405	-
Net difference between projected and actual earnings on pension plan investments	-	2,052,136
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	150,612
Employer contributions subsequent to the measurement date	880,066	-
Total	<u>\$ 2,239,431</u>	<u>\$ 2,202,748</u>

\$880,066 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 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	\$ 67,939
2024	(106,256)
2025	(177,099)
2026	(627,967)
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 in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 8.25 percent, including a 3.25% inflation and productivity factor
Investment rate of return	6.50 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 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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 expectations of forward yields projected and interpolated for multiple tenor 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 for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
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	100.0%	

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 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 5,575,853	\$ 1,436,366	\$ (1,970,191)

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

1. *Plan Description.*

The Town of Smithfield administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Active plan members	35
Total	<u>39</u>

2. *Summary of Significant Accounting Policies:*

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

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

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees’ Retirement System for the five-year period ending December 31, 2019.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Deaths After Retirement (Beneficiary): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The Town's expense for benefit payments to current retirees for the fiscal year ended June 30, 2022 was \$66,378.

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

At June 30, 2022, the Town reported a total pension liability of \$2,153,267. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$246,869.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 298,208	\$ 1,862
Changes of assumptions	388,134	68,671
Benefit payments and plan administrative expense made subsequent to the measurement date	32,617	-
Total	<u>\$ 718,959</u>	<u>\$ 70,533</u>

\$32,617 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 149,860
2024	146,971
2025	142,133
2026	134,634
2027	40,182
Thereafter	2,029

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) and 1-percentage-point higher (3.25 percent) than the current rate.

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 2,333,528	\$ 2,153,267	\$ 1,987,898

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

	2022
Beginning balance	\$ 1,950,581
Service Cost	94,819
Interest on the total pension liability	37,006
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	193,261
Changes of assumptions or other inputs	(56,022)
Benefit payments	(66,378)
Other changes	-
Net Change	202,686
Ending balance of the total pension liability	\$ 2,153,267

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 556,520	\$ 246,869	\$ 803,389
Pension Liability	1,436,366	2,153,267	3,589,633
Proportionate share of the net pension liability	0.0937%	n/a	

Deferred Outflows of Resources

Differences between expected and actual experience	\$ 456,960	\$ 298,208	\$ 755,168
Changes of assumptions	902,405	388,134	1,290,539
Net difference between projected and actual earnings on pension plan investment	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	880,066	32,617	912,683

	LGERS	LEOSSA	Total
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	-	1,862	1,862
Changes of assumptions	-	68,671	68,671
Net difference between projected and actual earnings on pension plan investment	2,052,136		
Changes in proportion and differences between contributions and proportionate share of contributions	150,612	-	150,612

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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 for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$236,172, which consisted of \$105,180 from the Town and \$130,993 from the law enforcement officers.

d. Supplemental Retirement Income Plan for Employees not Engaged in Law Enforcement

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. The Plan provides retirement benefits to Town employees not engaged in law enforcement. 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 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 for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. The Town's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$507,987, which consisted of \$148,484 from the Town and \$359,503 from the employees.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town provides post-retirement healthcare benefits through a single-employer defined benefit plan. The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Retirees of the Town qualify if they have at least twenty years of creditable service with the Town. The Town pays the full cost of coverage for these benefits. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. Currently, 49 retirees are eligible vested in post-retirement health benefits. The Town obtains healthcare coverage through private insurers. A separate report is not issued for the plan.

Membership of the Plan consisted of the following at June 30, 2021, the date of the last actuarial valuation:

	General Employees:
Retirees and dependents receiving benefits	52
Active plan members	134
Total	<u>186</u>

Total OPEB Liability

The Town's total OPEB liability of \$15,397,557 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 - 8.41 percent, including inflation
Discount rate	2.16 percent
Healthcare cost trend rate	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2031
Medicare	5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 13,853,620
Changes for the year	
Service cost	344,932
Interest	310,160
Changes of benefit terms	-
Differences between expected and actual experience	369,047
Changes in assumptions or other inputs	849,970
Benefit payments	<u>(330,172)</u>
Net changes	<u>1,543,937</u>
Balance at June 30, 2021	<u><u>\$ 15,397,557</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

Sensitivity of the Total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) and 1-percentage-point higher (3.16 percent).

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 18,310,431	\$ 15,397,557	\$ 13,131,659

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 13,008,354	\$ 15,397,557	\$ 18,471,025

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$561,148. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 316,328	\$ 1,286,710
Changes of assumptions	2,632,681	864,238
Benefit payments and administrative costs made subsequent to the measurement date	328,803	-
Total	<u>\$ 3,277,812</u>	<u>\$ 2,150,948</u>

\$328,803 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 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	\$ (32,980)
2024	(32,980)
2025	12,932
2026	168,477
2027	400,807
Thereafter	281,805

2. Other Employment Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government 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 of termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefits will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2020, the Town made contributions to the State for death benefits of \$0. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefits amount and the other benefit amount.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience		
LGERS	\$ 456,960	\$ -
LEOSSA	298,208	1,862
OPEB	316,328	1,286,710
Changes of assumptions		
LGERS	902,405	-
LEOSSA	388,134	68,671
OPEB	2,632,680	864,238
Difference between projected and actual investment		
LGERS	-	2,052,136
Change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	-	150,612
Contributions to pension plan in current fiscal year		
LGERS	880,066	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	32,617	-
Benefit payments/administration costs paid subsequent to the measurement date (OPEB)	328,803	-
Leases (General Fund)	-	696,915
Taxes receivable, net (General)	-	14,256
Total	<u>\$ 6,236,201</u>	<u>\$ 5,135,400</u>

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 \$5 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 does not carry 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 Director is bonded for \$165,000. The remaining employees that have access to funds are bonded for \$10,000 per occurrence.

5. Long-Term Obligations

a. Installment Purchases

As authorized by State law (G.S. 160A-20 and 153A-158.1), the Town financed various property and equipment acquisitions by installment purchases. Installment purchase contracts at June 30, 2022 were comprised of the following individual agreements:

Governmental Activities:

\$3,000,000 direct placement agreement for construction of community center, due in fixed annual installments of \$150,000 plus interest at 4.06% through January 2028. Loan balance of \$2,250,000 refinanced by 2.92% in FY 2014. All other terms remain the same. Loan issued by First Citizens Bank. The loan is secured by the Deed of Trust for the property and improvements. Upon the occurrence of any event of default, the Lender may: (a) declare the entire principal and accrued interest immediately due and payable without notice to the borrower; (b) proceed by appropriate court action to enforce performance or to recover for the breach of the contract; (c) exercise all rights and remedies of a secured party under the Uniform Commercial Code of the State of North Carolina; (d) terminate this contract as to all or part of the Real Property and the Improvements and use, operate, lease, or hold all or any part of the Real Property and the Improvements as the Lender in its sole discretion may decide; (e) enforce its security interest or institute foreclosure proceedings under the Deed of Trust on all or any portion of the Real Property; or (f) terminate the escrow fund in accordance with the escrow agreement. Loan was paid in full on 6/23/2022. \$ -

\$4,500,000 direct placement agreement for construction of community center, due in fixed annual principal installments of \$225,000 plus interest at 4.06% through November 2027. Loan balance of \$3,375,000 refinanced at 2.92% in FY 2013. All other terms remain the same. Loan issued by First Citizens Bank. The loan is secured by the Deed of Trust for the property and improvements. Upon the occurrence of any event of default, the Lender may: (a) declare the entire principal and accrued interest immediately due and payable without notice to the borrower; (b) proceed by appropriate court action to enforce performance or to recover for the breach of the contract; (c) exercise all rights and remedies of a secured party under the Uniform Commercial Code of the State of North Carolina; (d) terminate this contract as to all or part of the Real Property and the Improvements and use, operate, lease, or hold all or any part of the Real Property and the Improvements as the Lender in its sole discretion may decide; (e) enforce its security interest or institute foreclosure proceedings under the Deed of Trust on all or any portion of the Real Property; or (f) terminate the escrow fund in accordance with the escrow agreement. Loan was paid in full on 6/23/2022.

\$2,806,400 direct borrowing agreement for Smithfield Crossing Project, due in annual installments of \$157,411 through July 2044, interest at 3.75%. The issue date was July 2014 from USDA. This contract assigns and conveys to the Government a security interest in the Smithfield Crossings Project and in each and every item of personal property included therein, and in any additions, repairs, replacements, substitutions in modifications thereof and in any proceeds derived from loss or damage. In the event of default, the Government may: (a) declare the entire outstanding balance immediately due and payable without notice or demand; (b) proceed by appropriate court action to enforce performance by the Town of any or all of its covenants hereunder or to recover for the breach thereof including the payment of the Installment Payments due or to become due hereunder; (c) terminate this contract as to all or any part of the Smithfield Crossings Project and use, operate, lease or hold all or any part of the Smithfield Crossings Project as the Government in its sole discretion may decide.

2,397,452

\$490,500 direct placement agreement for the purchase of a fire truck, due semi-annual installments of \$23,404 through August 2029, interest at 2.24%. The issue date was August 2017 from Kansas State Bank. The equipment is pledged as collateral for the loan. After default, the Lender may: (a) make all or part of the amount immediately due and payable without notice; (b) use any and all remedies available under state or federal law or in any loan document; (c) make a claim for any and all insurance benefits or refunds that may be available on default; (d) amounts advanced will be immediately due and may be added to the balance owing under the terms of the Loan and accrue interest at the highest post-maturity interest rate; or (e) may use the right of set-off.

321,440

\$164,989 direct placement agreement for garbage truck, due in annual installments of \$28,791 through January 2023, interest at 1.54%. The issue date was July 2017 from Kansas State Bank. The equipment is pledged as collateral for the loan. After default, the Lender may: (a) make all or part of the amount immediately due and payable without notice; (b) use any and all remedies available under state or federal law or in any loan document; (c) make a claim for any and all insurance benefits or refunds that may be available on default; (d) amounts advanced will be immediately due and may be added to the balance owing under the terms of the Loan and accrue interest at the highest post-maturity interest rate; or (e) may use the right of set-off.

28,350

\$88,500 direct placement agreement for two trucks and upfitting charges, due in semi-annual installment of \$9,600 through January 2024, interest at 3.11%. The issue date was February 26, 2019 from First Citizens Bank. The equipment is pledged as collateral for the loan. Upon the occurrence of any event of default, the Lender may: (a) declare the entire principal and accrued interest immediately due and payable without notice to the borrower; (b) proceed by appropriate court action to enforce performance or to recover for the breach of the contract; (c) exercise all rights and remedies of a secured party under the Uniform Commercial Code of the State of North Carolina; or (d) terminate this contract and give notice to the Borrower to surrender possession of the equipment and use, operate, lease, or hold all or any part of the Bank Equipment in its sole discretion.

36,946

\$1,126,105 direct borrowing agreement for a fire truck (ladder) due in annual installments of \$75,697 through October 2039, including interest at 3.0%. The issue date was October 2019 from USDA. The equipment stands as collateral for the loan. In the event of default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable. 1,041,115

\$199,345 direct placement agreement for hook lift truck, due in annual installments of \$21,043 through January 2025, including interest at 2.15%. The issue date was March 12, 2020 from Truist Bank. The equipment is pledged as collateral for the loan. Upon continuation of any event of default, the Lender may: (a) declare the unpaid principal components of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the Borrower's performance of the applicable covenants of the contract or to recover for the breach thereof; (c) pay over any balance remaining in the Project Fund to be applied against outstanding required payments in any manner lender may reasonably deem appropriate; and (d) avail itself of all available remedies under the Contract. 121,644

\$784,572 direct borrowing agreement for the police expansion project, due in semi-annual installments of \$30,760 through April 2036, including interest at 2.13%. The issue date was April 21, 2021 from United Community Bank. A security interest in all equipment and fixtures installed in and comprising part of the project serve as collateral. Upon continuation of any event of default, the Lender may: (a) declare the entire amount of the principal portion of the payments immediately due and payable; (b) proceed by appropriate court action to enforce the Borrower's performance of the applicable covenants of the contract or to recover for the breach thereof; (c) exercise any rights provided to Lender to foreclose upon its security interest in any collateral; (d) terminate this agreement and use the property in its sole discretion; and (e) use any remaining portion of the Financing Proceeds that has not been previously disbursed to complete construction of the Project. 739,757

Total governmental activities \$ 4,686,704

Business-Type Activities:

\$1,181,500 direct placement agreement for various water/sewer projects due in semi-annual installments of \$65,671 through April 2026, interest 2.06%. The issue date April 2017 from Branch Banking & Trust. The Town grants to the bank a security interest in the equipment and in the moneys on deposit from time to time in the project fund to secure the required payments. In the event of any default, the Lender may: (a) declare the unpaid principal components of the installment payments immediately due and payable; (b) proceed by appropriate court action to enforce the Town's performance of the covenants of this agreement or to recover for the breach thereof; (c) require the lender to pay over any balance remaining in the project fund to be applied against outstanding required payments in any manner the lender may reasonably deem appropriate; and (d) avail itself of all available remedies under this agreement. \$ 501,831

\$1,430,000 direct placement agreement for to inspect and rehabilitate sewer lines and install a sand removal system. Payments are due in semi-annual installments of \$83,053 through February 2026, interest 2.90%. The issue date was March 2017 from Four Oaks Bank. In the event of default, the lender may: (a) demand immediate payment of remaining balance; (b) set off this debt; (c) demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy; (d) refuse to make advances to the Town or allow purchases on credit; (e) use any remedy under state or federal law. 622,457

\$2,037,249 direct placement agreement for Booker Dairy Road Water Line Relocation/Extension project due in semi-annual installments of \$156,838 through March 2024, interest 2.03%. The issue date was March 2018 from BB&T. As collateral for the loan, the Town grants a security interest in any pipes, valves, fittings, and any other utility-type property to be financed with the proceeds made available to the Town, as well as in all substitutions, replacements and proceeds therefore or thereof. In the event of any default, the Lender may: (a) declare the unpaid principal components of the installment payments immediately due and payable; (b) proceed by appropriate court action to enforce the Town's performance of the covenants of this agreement or to recover for the breach thereof; (c) require the lender to pay over any balance remaining in the project fund to be applied against outstanding required payments in any manner the lender may reasonably deem appropriate; and (d) avail itself of all available remedies under this agreement.

The Town entered into a \$12,050,000 direct borrowing agreement for the Water Plant Expansion Project due in semi-annual installments of \$602,500 made once annually and interest installments made twice annually, through May 2042 with interest at 1.11% from the State of North Carolina. In the event of any default, the Lender may: (1) withhold any funds due from the State to the local government until the note is paid and (2) declare the note payable immediately if the Unit has not prepared a schedule of fees for the project, arrange for necessary financing of the Project within one year of the date of the acceptance of the revolving loan, and award a contract for construction within one year of the date of acceptance of the revolving loan. This loan is a drawdown loan, and as of June 30, 2022, the Town had requested \$9,652,778.

	9,652,778
Total business-type activities	\$ 10,777,066

Future minimum payments as of June 30, 2022 for the installment purchase contracts are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 283,814	\$ 147,699	\$ 873,026	\$ 94,350
2024	262,602	140,113	879,954	147,061
2025	250,603	132,919	887,039	133,289
2026	215,391	126,044	894,269	119,371
2027	221,696	119,739	602,500	107,004
2028-2032	1,090,214	499,881	3,012,500	434,704
2033-2037	1,077,412	334,205	3,012,500	267,510
2038-2042	846,382	168,086	615,278	33,972
2043-2047	438,590	33,285	-	-
Total	\$ 4,686,704	\$ 1,701,971	\$ 10,777,066	\$ 1,337,261

b. Revenue Bonds

\$5,000,000 Electric System Revenue Bond, Series 2007, dated August 7, 2007, will bear interest from that date, payable on August 15, 2008 and annually thereafter on each August 15. Stated to mature \$368,887 due annually. The balance of this loan at August 2014, in the amount of \$3,668,555 was refinanced at 3.25% through August 2027. Annual payments are \$350,491.

	\$ 1,862,438
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The Town has pledged future electric customer revenues, net of specified operating expenses, to repay \$5 million in electric system revenue bonds issued in August 2007. Proceeds from the bonds provided financing for the construction of the improvements to the Town's electric system. The bonds are payable solely from electric customer net revenues and are payable through 2027. Annual principal and interest payments on the bonds are expected to require about 74% of net revenues. Section 5.02 of the Bond Order requires the debt service coverage ratio will not be less than 120% of the debt service requirement for the year. The total principal and interest remaining to be paid on the bonds is \$1,862,438. Principal and interest paid for the current year revenue bonds and total electric customer net revenues were \$342,585 and \$866,122, respectively.

The debt service coverage ratio calculation for the year ended June 30, 2022 is as follows:

Operating revenues	\$ 15,833,777
Operating expenses	(14,967,655)
Add back:	
Investment earnings	10,712
Depreciation	667,384
Income available for debt service	<u>\$ 1,544,218</u>
Debt service principal and interest paid (Revenue bond only)	<u>\$ 342,585</u>
Debt service coverage ratio	451%

The Town's debt service coverage ratio is greater than 120% of the debt service requirement for the year ended June 30, 2022.

Annual debt service requirement to maturity for the Town's revenue bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2023	\$ 288,755	\$ 53,830	\$ 342,585
2024	297,100	45,485	342,585
2025	305,686	36,899	342,585
2026	314,521	28,065	342,586
2027	323,610	18,975	342,585
2028-2032	332,765	9,644	342,409
	<u>\$ 1,862,437</u>	<u>\$ 192,898</u>	<u>\$ 2,055,335</u>

c. Changes in Long-Term Liabilities

A summary of changes in long-term obligations follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Governmental activities:					
Direct Placement and	\$ 7,588,150	\$ -	\$ 2,901,446	\$ 4,686,704	\$ 283,814
Compensated absences	449,337	11,776	-	461,113	115,278
Net pension liability (LGERS)	2,643,318	-	1,573,757	1,069,561	-
Total pension liability (LEOSSA)	1,950,581	202,686	-	2,153,267	-
Total OPEB Liability	<u>10,576,517</u>	<u>1,178,714</u>	<u>-</u>	<u>11,755,231</u>	<u>-</u>
Total Governmental	<u>\$ 23,207,903</u>	<u>\$ 1,393,176</u>	<u>\$ 4,475,203</u>	<u>\$ 20,125,876</u>	<u>\$ 399,092</u>

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Business-type activities:					
Electric Fund					
Revenue bonds	\$ 2,143,083	\$ -	\$ 280,755	\$ 1,862,328	\$ 288,755
Compensated absences	110,933	-	14,610	96,323	24,081
Net pension liability (LGRS)	455,538	-	271,214	184,324	-
Total OPEB Liability	1,272,401	141,805	-	1,414,206	-
Total Electric Fund	3,981,955	141,805	566,579	3,557,181	312,836
Water Fund					
Direct Placement and Direct Borrowing					
Installment purchases	1,578,910	9,652,778	454,622	10,777,066	454,622
Compensated absences	88,103	-	1,356	86,747	21,687
Net pension liability	450,985	-	268,504	182,481	-
Total OPEB Liability	2,004,702	223,418	-	2,228,120	-
Total Water Fund	4,122,700	9,876,196	724,482	13,274,414	476,309
Total Business-type	\$ 8,104,655	\$ 10,018,001	\$ 1,291,061	\$ 16,831,595	\$ 789,145

Compensated absences and OPEB liability have typically been liquidated in the General Fund. Compensated absences are accounted for on a LIFO basis.

At June 30, 2022, the Town of Smithfield had a legal debt margin of \$100,801,298.

C. Interfund Balances and Activity

Due To/From Other Funds

	From	To
General Fund	\$ -	\$ 706,923
General Fund Capital Project Fund	626,294	-
Smithfield Fire Tax District	4,609	-
CDBG-NR	76,020	-
Total Interfund Balances	\$ 706,923	\$ 706,923

The balances between the General Fund, Capital Project, Fund, Fire Tax District Fund, and CDBG-NR Fund were to advance funds for various expenses.

Transfers

Transfers to/from other funds at June 30, 2022, consists of the following:

From the General fund to the General Fund Capital Project Fund to accumulate resources for the various projects and capital purchases.	\$ 152,000
From the Fire District Fund to the General Fund to support the expenses related to the fire department. This is a standard transfer that occurs annually.	175,400
From the Water Sewer Fund to the General Fund as payments in lieu of taxes.	117,640
From the Electric Fund to the Electric Fund Capital Project fund to provide resources for a capital project.	550,000
From the Water Sewer Fund to the Water Sewer Fund Capital Project fund to provide resources for a capital project.	<u>100,840</u>
Total Transfers	<u><u>\$ 1,095,880</u></u>

IV. On-Behalf Payments for Fringe Benefits and Salaries

The Town has recognized as revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$18,947 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 of the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

V. Net Investment in Capital Assets

	Governmental	<u>Business-Type</u>	
		Water/Sewer	Electric
Capital Assets	\$ 30,990,283	\$ 25,993,045	\$ 10,040,574
less: long-term debt	(4,686,704)	(10,777,066)	(1,862,328)
add: unexpended debt proceeds	431,187	-	-
Net Investment in Capital Assets	<u>\$ 26,734,766</u>	<u>\$ 15,215,979</u>	<u>\$ 8,178,246</u>

VI. Fund Balance

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

Total Fund Balance - General Fund	\$ 16,120,101
Less:	
Prepaid	21,043
Leases	5,335
USDA debt Payments	154,905
Public safety	42,274
Stabilization by State statute	3,539,444
Streets	415,097
Bingham Park	349,461
Recreation development	162,913
Subsequent year's expenditures	39,875
Remaining Fund Balance	<u><u>\$ 11,389,754</u></u>

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy; bond proceeds, federal funds, State funds, lock non-Town funds, and Town funds. For purpose 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 Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has not officially adopted a fund balance policy.

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

Encumbrances	General Fund	Electric Fund	Water and Sewer Fund
\$	982,288	\$ 389,603	\$ 350,541

VII. Jointly Governed Organization

The Town, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Agency (the Agency). The Electric Agency was formed to enable municipalities that own electric distributions systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The twenty-one members, who receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2022 were \$11,821,114.

VIII. Joint Ventures

The Town, in conjunction with Riverside Extension, Inc., participates in a joint venture to improve and development property for the expansion of Riverside Cemetery. In accordance with the joint venture agreement, the Town has agreed to purchase property from the Johnston County Board of Education in the amount of \$600,000. Riverside Extension, Inc. has agreed to obtain financing to pay the purchase price of the property in exchange for right to improve and develop the property, to receive from the conveyance of a lot to Saint Paul's Episcopal Church. The Town has an ongoing financial responsibility for the joint venture because the Town is responsible for marketing and selling cemetery lots, installing and maintaining a 20 foot access road, and assuming maintenance of the cemetery once constructed. The joint ventures does not issue separate financial statements.

The Public Library of Johnston County and Smithfield (the Library) is a nonprofit organization governed by a 12-member board of trustees with 6 positions appointed by the Town of Smithfield and 6 positions appointed by Johnston County. The Town and Johnston County are in agreement with the Library to help with unbudgeted costs. For unbudgeted expenditures over \$4,000, the Town of Smithfield is required to pay 40% of costs over the \$4,000. The remaining 60% is covered by Johnston County. In addition, the Town contribute \$270,000 to the Library annually for operations.

The Ava Gardner Museum of a private, nonprofit organization that houses the Ava Gardner Collection. The Collection is owned by the Town of Smithfield. The Town contributes to the funding of a full-time executive director that acts as a steward of the collection and the museum. In 2021, the Town paid \$22,000 to the Ava Gardner Museum.

IX. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

X. Significant Effects of Subsequent Events

The Town has evaluated events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors' report. The Town has not evaluated subsequent events after that date.

IX: Prior Period Adjustment

Prior Period Adjustments were made to the General Fund that increased fund balance by \$287,162. These adjustments were to record the June 2021 local option sales tax receivable, which increased fund balance by \$287,162.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

Schedule of Proportionate Share of the Net Pension Asset - Local Government Employee's Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

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

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

Schedule of Changes in the Total OPEB Liability and Related Ratios

Town of Smithfield
Town of Smithfield's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Smithfield's proportion of the net liability (asset) (%)	0.09366%	0.09934%	0.10529%	0.11189%	0.10779%
Smithfield's proportion of the net pension liability (asset) (\$)	\$ 1,436,366	\$ 3,549,841	\$ 2,875,388	\$ 2,654,413	\$ 1,646,733
Smithfield's covered payroll	\$ 7,214,828	\$ 6,980,237	\$ 6,688,559	\$ 6,471,444	\$ 6,332,100
Smithfield's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.91%	50.86%	42.99%	41.02%	26.01%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Smithfield's proportion of the net liability (asset) (%)	0.10709%	0.11419%	0.11846%	0.12370%	
Smithfield's proportion of the net pension liability (asset) (\$)	\$ 2,272,809	\$ 512,482	\$ (698,613)	\$ 1,491,060	
Smithfield's covered payroll	\$ 5,795,276	\$ 5,977,396	\$ 6,030,168	\$ 6,162,658	
Smithfield's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.22%	8.57%	-11.59%	24.20%	
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%	

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

**Town of Smithfield
Town of Smithfield's Contributions
Required Supplementary Information
Last Nine Fiscal Years**

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 880,066	\$ 749,285	\$ 642,436	\$ 536,238	\$ 502,739
Contributions in relation to the contractually required contribution	<u>880,066</u>	<u>749,285</u>	<u>642,436</u>	<u>536,238</u>	<u>502,739</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Smithfield's covered payroll	\$7,596,067	\$ 7,214,828	\$ 6,980,237	\$ 6,688,559	\$6,471,444
Contributions as a percentage of covered payroll	11.59%	10.39%	9.20%	8.02%	7.77%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 477,283	\$ 399,093	\$ 382,494	\$ 429,916	
Contributions in relation to the contractually required contribution	<u>477,283</u>	<u>399,093</u>	<u>382,494</u>	<u>429,916</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Smithfield's covered payroll	\$6,332,100	\$ 5,795,276	\$ 5,977,396	\$ 6,030,168	
Contributions as a percentage of covered payroll	7.54%	6.89%	6.40%	7.13%	

Town of Smithfield, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$1,950,581	\$1,260,626	\$1,201,136	\$1,175,635	\$ 1,094,022
Service Cost	94,819	58,451	51,579	60,482	49,836
Interest on the total pension liability	37,006	39,671	42,070	35,977	40,826
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	193,261	159,976	15,518	55,028	(8,242)
Changes of assumptions or other inputs	(56,022)	519,303	41,047	(51,771)	71,898
Benefit payments	(66,378)	(87,446)	(90,724)	(74,215)	(72,705)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$2,153,267</u>	<u>\$1,950,581</u>	<u>\$1,260,626</u>	<u>\$1,201,136</u>	<u>\$ 1,175,635</u>

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

Town of Smithfield, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 2,153,267	\$ 1,950,581	\$ 1,260,626	\$ 1,201,136	\$ 1,175,635
Covered Payroll	1,973,938	1,902,536	1,849,051	1,978,348	1,924,764
Total pension liability as a percentage of covered payroll	109.08%	102.53%	68.18%	60.71%	61.08%

Notes to the schedules:

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

Town of Smithfield, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
Last Five Fiscal Years

Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 344,932	\$ 233,245	\$ 279,252	\$ 295,722	\$ 334,034
Interest	310,160	385,902	488,156	458,419	416,226
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	369,047	189	(2,154,154)	3,046	2,589
Changes of assumptions	849,970	2,610,852	(33,706)	(743,704)	(1,369,309)
Benefit payments	<u>(330,172)</u>	<u>(335,288)</u>	<u>(336,428)</u>	<u>(346,588)</u>	<u>(323,467)</u>
Net change in total OPEB liability	<u>1,543,937</u>	<u>2,894,900</u>	<u>(1,756,880)</u>	<u>(333,105)</u>	<u>(939,927)</u>
Total OPEB liability - beginning	<u>13,853,620</u>	<u>10,958,720</u>	<u>12,715,600</u>	<u>13,048,705</u>	<u>13,988,632</u>
ending	<u><u>\$ 15,397,557</u></u>	<u><u>\$ 13,853,620</u></u>	<u><u>\$ 10,958,720</u></u>	<u><u>\$ 12,715,600</u></u>	<u><u>\$ 13,048,705</u></u>
Covered payroll	\$ 6,105,241	\$ 6,330,239	\$ 6,330,239	\$ 5,979,453	\$ 5,979,453
Total OPEB liability as a percentage of covered	252.20%	218.85%	173.12%	212.65%	218.23%

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

SUPPLEMENTARY STATEMENTS
AND SCHEDULES

This section contains additional information required by the
Local Government Commission in North Carolina

Town of Smithfield, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes			
Taxes		\$ 7,602,075	
Downtown district tax		98,176	
Penalties and interest		14,897	
Total	\$ 7,098,800	7,715,148	\$ 616,348
Other taxes and licenses			
Zoning permits		22,698	
Other permits and license		51,417	
Occupancy tax		952	
Total	62,900	75,067	12,167
Unrestricted intergovernmental			
Franchise tax		976,175	
Beer and wine tax		45,157	
ABC board profit distribution		58,192	
Local option sales tax		3,522,619	
PEG channel fees		88,141	
Solid waste disposal tax		8,750	
Excise tax - rentals		34,241	
Total	3,924,756	4,733,275	808,519
Restricted intergovernmental			
Powell Bill allocation		355,319	
Department of Justice forfeitures		9,858	
JAG grant		2,748	
Grant revenue		156,624	
Total	553,550	524,549	(29,001)
Permits and fees			
Cemetery lot sales and grave openings		110,700	
DSDC loan repayment		12,757	
Public safety fees		219,828	
Refuse collection fees		1,527,637	
Recreation fees		59,216	
EMS fees		50,672	
Aquatic Center fees		673,210	
Total	2,270,657	2,654,020	383,363
Investment earnings	10,000	10,655	655

Town of Smithfield, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous			
Street assessments		1,951	
Cell tower rental		75,197	
Other		70,847	
Total	<u>89,500</u>	<u>147,995</u>	<u>58,495</u>
Total Revenues	<u>14,010,163</u>	<u>15,860,709</u>	<u>1,850,546</u>
Expenditures:			
General Government:			
Governing Body			
Salaries and employee benefits		275,555	
Operating expenditures		245,131	
Overhead allocated to other funds		(37,762)	
Total	<u>502,804</u>	<u>482,924</u>	<u>19,880</u>
Administration			
Operating expenditures		651,875	
Overhead allocated to other funds		(47,277)	
Total	<u>699,322</u>	<u>604,598</u>	<u>94,724</u>
Finance			
Salaries and employee benefits		112,827	
Operating expenditures		26,593	
Overhead allocated to other funds		(10,111)	
Total	<u>150,487</u>	<u>129,309</u>	<u>21,178</u>
Building and Planning			
Salaries and employee benefits		279,508	
Operating expenditures		19,842	
Total	<u>373,810</u>	<u>299,350</u>	<u>74,460</u>
Total general government	<u>1,726,423</u>	<u>1,516,181</u>	<u>210,242</u>
Public Safety:			
Police			
Salaries and employee benefits		3,413,522	
Operating expenditures		425,815	
Capital outlay		204,917	
Total	<u>4,453,247</u>	<u>4,044,254</u>	<u>408,993</u>

Town of Smithfield, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fire			
Salaries and employee benefits		1,787,273	
Operating expenditures		435,125	
Total	<u>2,301,105</u>	<u>2,222,398</u>	<u>78,707</u>
Total public safety	<u>6,754,352</u>	<u>6,266,652</u>	<u>487,700</u>
Street and Public Works:			
Community Appearance			
Salaries and employee benefits		318,215	
Operating expenditures		249,934	
Total	<u>693,613</u>	<u>568,149</u>	<u>125,464</u>
Streets			
Salaries and employee benefits		275,603	
Operating expenditures		132,740	
Total	<u>708,216</u>	<u>408,343</u>	<u>299,873</u>
Powell Bill			
Operating expenditures		335,330	
Total	<u>547,312</u>	<u>335,330</u>	<u>211,982</u>
Garage			
Salaries and employee benefits		83,905	
Operating expenditures		45,521	
Total	<u>160,738</u>	<u>129,426</u>	<u>31,312</u>
Stormwater:			
Salaries and employee benefits		47,043	
Operating expenditures		70,001	
Capital outlay		-	
Total	<u>141,011</u>	<u>117,044</u>	<u>23,967</u>
Total Street and Public Works	<u>2,250,890</u>	<u>1,558,292</u>	<u>692,598</u>

Town of Smithfield, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sanitation:			
Salaries and employee benefits		834,108	
Operating expenditures		695,716	
Capital outlay		22,283	
Total Sanitation	<u>1,669,840</u>	<u>1,552,107</u>	<u>117,733</u>
Cultural and recreational:			
Salaries and employee benefits		1,174,789	
Operating expenditures		754,494	
Total Cultural and Recreational	<u>2,249,216</u>	<u>1,929,283</u>	<u>319,933</u>
Debt service:			
Principal retirement		2,901,446	
Interest and other charges		267,363	
Total debt service	<u>3,169,130</u>	<u>3,168,809</u>	<u>321</u>
Total expenditures	<u>17,819,851</u>	<u>15,991,324</u>	<u>1,828,527</u>
Revenues over (under) expenditures	<u>(3,809,688)</u>	<u>(130,615)</u>	<u>3,679,073</u>
Other financing sources (uses):			
Appropriated fund balance	3,648,648	-	(3,648,648)
Transfers from other funds	293,040	293,040	-
Transfers to other funds	(152,000)	(152,000)	-
Sale of fixed assets	20,000	8,000	(12,000)
Total	<u>3,809,688</u>	<u>149,040</u>	<u>(3,660,648)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	18,425	<u>\$ 18,425</u>
Fund balance, beginning		15,633,140	
Prior Period Adjustment (see Note IX)		<u>287,162</u>	
Fund balance, ending		<u>\$ 15,938,727</u>	

Town of Smithfield, North Carolina
General Fund Capital Reserve Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Annual Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Investment Earnings	\$ -	\$ 10	\$ 10
Total revenues	-	10	10
Revenues over (under) expenses	-	10	10
Other financing sources (uses):			
Appropriated fund balance	-	-	-
Transfers to other funds	-	-	-
Transfers from other funds	-	-	-
Total other financing sources (uses)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	10	\$ 10
Fund balance, beginning		181,364	
Fund balance, ending		\$ 181,374	

Town of Smithfield, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Completed Project</u>	<u>Total Project to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues						
Restricted Intergovernmental						
ARPA Revenue	\$ 4,138,286	\$ -	\$ 169,952	\$ (169,952)	\$ -	\$ (3,968,334)
Interest	-	-	941	-	941	941
Total revenues	<u>4,138,286</u>	<u>-</u>	<u>170,893</u>	<u>(169,952)</u>	<u>941</u>	<u>(3,967,393)</u>
Expenditures						
Storm Drainage	169,952	-	169,952	(169,952)	-	-
Total expenditures	<u>169,952</u>	<u>-</u>	<u>169,952</u>	<u>(169,952)</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>3,968,334</u>	<u>-</u>	<u>941</u>	<u>-</u>	<u>941</u>	<u>(3,967,393)</u>
Other financing sources (uses)						
Transfers in (out)	<u>(3,968,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,968,334</u>
Total other financing sources (uses)	<u>(3,968,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,968,334</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>941</u>	<u>\$ -</u>	<u>\$ 941</u>	<u>\$ 941</u>
Fund balance, beginning			<u>-</u>			
Fund balance, ending			<u>\$ 941</u>			

Town of Smithfield, North Carolina
SCIF Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Restricted Intergovernmental					
SCIF Grant	\$ 1,525,830	\$ -	\$ -	\$ -	\$ (1,525,830)
Interest	-	-	267	267	267
Total revenues	<u>1,525,830</u>	<u>-</u>	<u>267</u>	<u>267</u>	<u>(1,525,563)</u>
Expenditures					
Ampitheatre	989,500	-	-	-	989,500
Splash Pad	536,330	-	-	-	536,330
Total expenditures	<u>1,525,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,525,830</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>267</u>	<u>267</u>	<u>267</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>267</u>	<u>\$ 267</u>	<u>\$ 267</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 267</u>		

Town of Smithfield, North Carolina
General Fund Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Completed Project</u>	<u>Total Project to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues						
Restricted intergovernmental Contributions	\$ 950,000	\$ 233,256	\$ -	\$ -	\$ 233,256	\$ (716,744)
Contributions	257,544	211,057	-	-	211,057	(46,487)
Investment earnings	12,588	8	-	-	8	(12,580)
Total revenues	<u>1,220,132</u>	<u>444,321</u>	<u>-</u>	<u>-</u>	<u>444,321</u>	<u>(775,811)</u>
Expenditures						
Wayfinding	262,550	278,367	-	-	278,367	(15,817)
Rescue Equipment	261,352	262,417	-	-	262,417	(1,065)
Miracle Park - Ph 2	210,000	50,546	-	-	50,546	159,454
Building Reuse	197,250	142,822	-	-	142,822	54,428
Equity Drive Repairs	827,000	961,586	38,414	(1,000,000)	-	827,000
Police Building Expansion	-	9,624	343,761	-	353,385	(353,385)
Spring Branch Restoration	-	20,000	25,570	-	45,570	(45,570)
CSX Culvert Improvement	950,000	-	-	-	-	950,000
Knuckleboom Truck	180,000	-	-	-	-	180,000
Tractor Mower	132,000	-	-	-	-	132,000
Total expenditures	<u>3,020,152</u>	<u>1,725,362</u>	<u>407,745</u>	<u>(1,000,000)</u>	<u>1,133,107</u>	<u>1,575,045</u>
Revenues over (under) expenditures	<u>(1,800,020)</u>	<u>(1,281,041)</u>	<u>(407,745)</u>	<u>1,000,000</u>	<u>(688,786)</u>	<u>799,234</u>
Other financing sources (uses)						
Transfers in	1,015,448	2,400,049	152,000	-	2,552,049	1,536,601
Loan Proceeds	784,572	784,572	-	-	784,572	-
Total other financing sources (uses)	<u>1,800,020</u>	<u>3,184,621</u>	<u>152,000</u>	<u>-</u>	<u>3,336,621</u>	<u>1,536,601</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,903,580</u>	<u>(255,745)</u>	<u>\$ 1,000,000</u>	<u>2,647,835</u>	<u>\$ 2,335,835</u>
Fund balance, beginning			<u>59,691</u>			
Fund balance, ending			<u>\$ (196,054)</u>			

Town of Smithfield, North Carolina
Combining Balance Sheet
Non-Major Funds
June 30, 2022

	<u>Special Revenue</u>	<u>Capital Project</u>		<u>Total Non- major Governmental Funds</u>
	<u>Smithfield Fire Tax District</u>	<u>FEMA Elevations and Acquisitions</u>	<u>CDBG-NR</u>	
Assets				
Cash and cash equivalents	\$ 211,791	\$ 550	\$ -	\$ 212,341
Due from other governments	-	93,358	-	93,358
Total Assets	<u>\$ 211,791</u>	<u>\$ 93,908</u>	<u>\$ -</u>	<u>\$ 305,699</u>
Liabilities				
Liabilities:				
Due to other funds	\$ 4,609	\$ -	\$ 76,020	\$ 80,629
Total Liabilities	<u>4,609</u>	<u>-</u>	<u>76,020</u>	<u>80,629</u>
Fund balances:				
Nonspendable:				
State Statute	-	93,358	-	93,358
Restricted:				
Public Safety	207,182	-	-	207,182
Capital Outlay	-	550	-	550
Unassigned	-	-	(76,020)	(76,020)
Total Fund Balances	<u>207,182</u>	<u>93,908</u>	<u>(76,020)</u>	<u>225,070</u>
Total liabilities and fund balanc	<u>\$ 423,582</u>	<u>\$ 93,908</u>	<u>\$ -</u>	<u>\$ 611,398</u>

**Town of Smithfield
Non-Major Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022**

	Special Revenue	Capital Projects		Total Non-Major Funds
	Smithfield Fire Tax District	Elevations and Acquisitions	CDBG-NR	
REVENUES				
Ad valorem taxes	\$ 220,240	\$ -	\$ -	\$ 220,240
Restricted intergovernmental	-	-	99,231	99,231
Miscellaneous	23,874	-	-	23,874
Total revenues	244,114	-	99,231	343,345
EXPENDITURES				
Economic and physical development	-	-	162,505	162,505
Total expenditures	-	-	162,505	162,505
Excess (deficiency) of revenues over expenditures	244,114	-	(63,274)	180,840
OTHER FINANCING SOURCES (USES)				
Transfers (to) other funds	(175,400)	-	-	(175,400)
Total other financing sources (uses)	(175,400)	-	-	(175,400)
Net Change in fund balance	68,714	-	(63,274)	5,440
Fund balances, beginning	138,468	93,908	(12,746)	219,630
Fund balances, ending	\$ 207,182	\$ 93,908	\$ (76,020)	\$ 225,070

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

Town of Smithfield, North Carolina
Smithfield Fire Tax District Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Annual Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Fire district taxes	\$ 168,000	\$ 220,240	\$ 52,240
Other Income	7,400	23,874	16,474
Total revenues	<u>175,400</u>	<u>244,114</u>	<u>68,714</u>
Expenditures			
Public Safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	175,400	244,114	68,714
Other financing sources (uses):			
Appropriated fund balance	-	-	-
Operating transfers out	<u>(175,400)</u>	<u>(175,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175,400)</u>	<u>(175,400)</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	68,714	<u>\$ 68,714</u>
Fund balance, beginning		<u>138,468</u>	
Fund balance, ending		<u>\$ 207,182</u>	

Town of Smithfield, North Carolina
FEMA Elevations & Acquisitions - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Restricted Intergovernmental					
Hazard Mitigation Grant (Elevations)	\$ 299,292	\$ 9,412	\$ -	\$ 9,412	\$ (289,880)
Hazard Mitigation Grant (Acquisitions)	1,779,713	987,191	-	987,191	(792,522)
SARF (State Grant)	91,200	186,716	-	186,716	95,516
Total revenues	<u>2,170,205</u>	<u>1,183,319</u>	<u>-</u>	<u>1,183,319</u>	<u>(986,886)</u>
Expenditures					
Elevations Misc	14,252	2,837	-	2,837	11,415
Arch & Engineering (Elevations)	31,500	4,245	-	4,245	27,255
Project Inspection	500	500	-	500	-
Admin & Legal	9,100	7,288	-	7,288	1,812
Relocation	5,800	-	-	-	5,800
Site Work	11,000	-	-	-	11,000
Construction	227,140	-	-	-	227,140
Acquisitions Misc	84,748	10,958	-	10,958	73,790
Arch & Engineering (Acquisit)	9,600	7,322	-	7,322	2,278
Project Inspection	4,000	-	-	-	4,000
Admin & Legal	46,936	52,212	-	52,212	(5,276)
Relocation	6,000	-	-	-	6,000
Site Work	32,336	32,336	-	32,336	-
Demolition & Removal	166,227	71,978	-	71,978	94,249
Land, Structures, Appraisals, Right-of- way	1,429,866	806,377	-	806,377	623,489
SARF - Administrative	5,500	7,658	-	7,658	(2,158)
SARF - Assistance	85,700	85,700	-	85,700	-
Total expenditures	<u>2,170,205</u>	<u>1,089,411</u>	<u>-</u>	<u>1,089,411</u>	<u>1,080,794</u>
Revenues over (under) expenditures	<u>-</u>	<u>93,908</u>	<u>-</u>	<u>93,908</u>	<u>93,908</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 93,908</u>	<u>-</u>	<u>\$ 93,908</u>	<u>\$ 93,908</u>
Fund balance, beginning			<u>93,908</u>		
Fund balance, ending			<u>\$ 93,908</u>		

Town of Smithfield, North Carolina
CDBG-NR - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total Project to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Restricted Intergovernmental					
CDBG-NR	\$ 750,000	\$ 3,131	\$ 99,231	\$ 102,362	\$ (647,638)
Total revenues	<u>750,000</u>	<u>3,131</u>	<u>99,231</u>	<u>102,362</u>	<u>(647,638)</u>
Expenditures					
Administration	75,000	6,627	17,638	24,265	50,735
Clearance	28,900	-	-	-	28,900
Housing	646,100	9,250	144,867	154,117	491,983
Total expenditures	<u>750,000</u>	<u>15,877</u>	<u>162,505</u>	<u>178,382</u>	<u>571,618</u>
Revenues over (under) expenditures	<u>-</u>	<u>(12,746)</u>	<u>(63,274)</u>	<u>(76,020)</u>	<u>(76,020)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (12,746)</u>	<u>(63,274)</u>	<u>\$ (76,020)</u>	<u>\$ (76,020)</u>
Fund balance, beginning			<u>(12,746)</u>		
Fund balance, ending			<u>\$ (76,020)</u>		

Town of Smithfield, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Electricity sales		\$15,560,597	
Connection fees		91,025	
Miscellaneous		107,887	
Penalties		74,268	
Total	\$16,570,060	15,833,777	\$ (736,283)
Non-operating revenues:			
Interest earnings		10,712	
Total	22,000	10,712	(11,288)
Total revenues	16,592,060	15,844,489	(747,571)
Expenditures:			
Electrical purchases		11,821,114	
Electrical operations		794,701	
Salaries and employee benefits		1,705,943	
Capital outlay		1,435,224	
Debt service		335,399	
Total expenditures	16,322,855	16,092,381	230,474
Revenue over (under) expenditures	269,205	(247,892)	(517,097)
Other financing sources (uses):			
Appropriated fund balance	280,795	-	(280,795)
Transfer to Capital Project Fund	(550,000)	(550,000)	-
Total other financing sources (uses)	(269,205)	(550,000)	(280,795)
Revenues over expenditures and other financing sources (uses)	\$ -	(797,892)	\$ (797,892)

(continued)

Town of Smithfield, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

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

Revenues and other sources over expenditures and other	(797,892)
Reconciling items:	
Principal repayment on long-term	280,755
Capital outlay	1,435,224
Depreciation	(667,384)
Increase (Decrease) in deferred outflows of resources - pensions	35,693
Increase (Decrease) in deferred outflows of resources - OPEB	55,116
(Increase) Decrease in net pension liability	271,214
(Increase) Decrease in deferred inflows of resources - pension	(265,388)
(Increase) Decrease in compensated absences	14,610
(Increase) Decrease in deferred inflows of resources - OPEB	52,047
(Increase) Decrease in total OPEB liability	(141,805)
Transfer to Capital Project (Ex D-1A)	550,000
Total reconciling items	<u>1,620,082</u>
Change in Net Position	<u>\$ 822,190</u>

Town of Smithfield, North Carolina
Electric Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Years	Closed Projects	Total to Date	Variance Positive (Negative)
Expenditures						
Financial Software	\$ 45,833	\$ -	\$ -	\$ -	\$ -	\$ 45,833
Voltage Conversion	950,000	1,009,465	192,382	(1,201,847)	-	950,000
Delivery Point 3	75,000	-	-	-	-	75,000
Booker Dairy Power Line	275,000	-	-	-	-	275,000
North Circuit Design	905,000	-	-	-	-	905,000
Bucket Tractor	265,000	207,729	-	(207,729)	-	265,000
AMI	1,101,582	1,058,985	244,227	-	1,303,212	(201,630)
Total expenditures	<u>3,617,415</u>	<u>2,276,179</u>	<u>436,609</u>	<u>(1,409,576)</u>	<u>1,303,212</u>	<u>2,314,203</u>
Other financing sources (uses):						
Transfer from Electric Fund	3,617,415	4,163,071	550,000	(1,409,576)	3,303,495	(313,920)
Total financing sources (uses)	<u>3,617,415</u>	<u>4,163,071</u>	<u>550,000</u>	<u>(1,409,576)</u>	<u>3,303,495</u>	<u>(313,920)</u>
Revenues and other sources over (under) expenditures and other uses						
	<u>\$ -</u>	<u>\$ 1,886,892</u>	<u>\$ 113,391</u>	<u>\$ -</u>	<u>\$ 2,000,283</u>	<u>\$ 2,000,283</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Water sales	\$ 4,632,930	\$ 4,889,841	\$ 256,911
Sewer sales	4,628,000	4,970,982	342,982
Connection and tap fees	71,000	44,190	(26,810)
Miscellaneous	54,000	76,872	22,872
Total	<u>9,385,930</u>	<u>9,981,885</u>	<u>595,955</u>
Non-operating revenues:			
Interest earnings	5,000	7,186	2,186
Total	<u>5,000</u>	<u>7,186</u>	<u>2,186</u>
Total revenues	<u>9,390,930</u>	<u>9,989,071</u>	<u>598,141</u>
Expenditures:			
Water treatment plant			
Salaries and employee benefits	697,675	669,450	28,225
Other operating expenditures	1,266,250	1,267,015	(765)
Water and sewer distribution			
Salaries and employee benefits	1,195,593	1,097,923	97,670
Other operating expenditures	3,778,230	3,107,821	670,409
Capital outlay	472,375	387,284	85,091
Debt Service	611,163	505,997	105,166
Total expenditures	<u>8,021,286</u>	<u>7,035,490</u>	<u>985,796</u>
Revenues over (under) expenditures	<u>1,369,644</u>	<u>2,953,581</u>	<u>1,583,937</u>
Other financing sources (uses):			
Transfer to project fund	83,590	100,840	17,250
Transfer to general fund - PIL	(117,640)	(117,640)	-
Appropriated fund balance (reserve)	(1,335,594)	-	1,335,594
Total other financing sources (uses)	<u>(1,369,644)</u>	<u>(16,800)</u>	<u>1,352,844</u>
Revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>2,936,781</u>	<u>\$ 2,936,781</u>

(continued)

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

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

Revenues and other sources over expenditures and other uses	2,936,781
Reconciling items:	
Principal repayment on long-term debt	454,622
Capital outlay	228,989
Depreciation	(654,224)
Increase (Decrease) in deferred outflows of resources - pensions	35,336
Increase (Decrease) in deferred outflows of resources - OPEB	114,722
(Increase) Decrease in net pension liability	268,504
(Increase) Decrease in deferred inflows of resources - pensions	(262,735)
(Increase) Decrease in deferred inflows of resources - OPEB	82,001
(Increase) Decrease in total OPEB liability	(223,418)
(Increase) Decrease in compensated absences	1,355
Capital Contributions (Ex D-2a)	1,573,340
Restricted Intergovernmental (Ex D-2a)	63,705
Transfer from other funds (Ex D-2a, D-2b)	(100,840)
Total reconciling items	<u>1,581,357</u>
Change in Net Position	<u><u>\$ 4,518,138</u></u>

Town of Smithfield, North Carolina
Water Sewer Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Years	Capitalized Projects	Total to Date	Variance Positive (Negative)
Restricted Intergovernmental						
AIA Grant - Water	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ (150,000)
AIA Grant - Sewer	150,000	-	63,705	-	63,705	(86,295)
Contribution - Johnston County	1,573,340	-	1,573,340	(1,573,340)	-	(1,573,340)
Total Revenue	<u>1,873,340</u>	<u>-</u>	<u>1,637,045</u>	<u>(1,573,340)</u>	<u>63,705</u>	<u>(1,809,635)</u>
Expenditures						
East Smithfield Water System Improvement	250,000	-	-	-	-	250,000
Elevate Transformers & Panels	-	69,494	-	-	69,494	(69,494)
Intake Sand Removal System	-	459,087	-	-	459,087	(459,087)
Grid Bee Mixers	-	63,995	-	-	63,995	(63,995)
I&I S&W Smithfield	1,550,000	1,428,984	142,745	-	1,571,729	(21,729)
16 In Water Line - Durwood Stephenson	1,750,000	792,071	1,584,945	(2,377,016)	-	1,750,000
Lift Station Repair (5& 11)	550,000	478,960	68,184	-	547,144	2,856
AMI	710,000	474,567	263,055	-	737,622	(27,622)
Sanitary Sewer Replacement	175,000	179,778	-	-	179,778	(4,778)
NC Hwy 10 Force Main	200,000	-	14,400	-	14,400	185,600
Water Lines Upgrade	100,000	-	96,040	-	96,040	3,960
Water AIA 2	167,250	-	-	-	-	167,250
Sewer AIA 2	172,500	-	99,678	-	99,678	72,822
Total Expenditures	<u>5,624,750</u>	<u>3,946,936</u>	<u>2,269,047</u>	<u>(2,377,016)</u>	<u>3,838,967</u>	<u>1,785,783</u>
Other financing sources (uses):						
Loan Proceeds	1,165,000	127,220	-	-	127,220	(1,037,780)
Transfer from Electric Fund	-	-	-	-	-	-
Transfer from (to) Water Sewer Fund	2,586,410	5,257,533	(100,840)	(803,676)	4,353,017	1,766,607
Total financing sources (uses)	<u>3,751,410</u>	<u>5,384,753</u>	<u>(100,840)</u>	<u>(803,676)</u>	<u>4,480,237</u>	<u>728,827</u>
Revenues and other sources over (under) expenditures and other uses						
	<u>\$ -</u>	<u>\$ 1,437,817</u>	<u>\$ (732,842)</u>	<u>\$ -</u>	<u>\$ 704,975</u>	<u>\$ 704,975</u>

Town of Smithfield, North Carolina
Water Plant Expansion Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Years	Total to Date	Variance Positive (Negative)
Expenditures					
Engineering/Design	\$ 1,070,000	\$ 928,147	\$ 279,232	\$1,207,379	\$ (137,379)
Inspection of Construction	300,000	-	-	-	300,000
GEO Testing	100,000	4,913	103	5,016	94,984
Closing Fee	-	241,000	-	241,000	(241,000)
Construction	13,980,000	1,355,261	9,398,193	10,753,454	3,226,546
Total Expenditures	<u>15,450,000</u>	<u>2,529,321</u>	<u>9,677,528</u>	<u>12,206,849</u>	<u>3,243,151</u>
Other financing sources (uses):					
Johnston County - Capital Contribution	3,250,000	3,250,000	-	3,250,000	-
NC Clean Water Loan	12,050,000	-	9,652,778	9,652,778	(2,397,222)
Transfer from Water Fund	150,000	2,298,500	-	2,298,500	2,148,500
Total financing sources (uses)	<u>15,450,000</u>	<u>5,548,500</u>	<u>9,652,778</u>	<u>15,201,278</u>	<u>(248,722)</u>
Revenues over expenditures and other financing sources (uses)					
	<u>\$ -</u>	<u>\$ 3,019,179</u>	<u>\$ (24,750)</u>	<u>\$2,994,429</u>	<u>\$ 2,994,429</u>

Town of Smithfield, North Carolina
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	Firemen's Relief Fund
ASSETS	
Cash and cash equivalents	\$ 84,737
Total assets	84,737
 LIABILITIES	
Accounts payable and accrued liabilities	-
Due to other governments	-
Total liabilities	-
 NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	84,737
Total net position	\$ 84,737

Town of Smithfield, North Carolina
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2022

	Firemen's Relief Fund
ADDITIONS	
State Reimbursements	\$ 9,503
Reimbursement	-
Interest	79
Total additions	9,582
 DEDUCTIONS	
Payments on behalf of firefighters	20,915
Total deductions	20,915
Net increase (decrease) in fiduciary net position	(11,333)
Net position, beginning	96,070
Net position, ending	\$ 84,737

OTHER SCHEDULES

This section contains additional information required
on property taxes.

Schedule of Ad Valorem Taxes Receivable
Analysis of Current Tax Levy - Town-Wide
Analysis of Current Tax Levy - Downtown District

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

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2022	\$ -	\$ 7,819,337	\$ 7,810,383	\$ 8,954
2021	18,554	-	13,141	5,413
2020	4,695	-	2,019	2,676
2019	1,508	-	64	1,444
2018	1,805	-	615	1,190
2017	822	-	456	366
2016	612	-	360	252
2015	685	-	-	685
2014	2,817	-	-	2,817
2013	5,422	-	89	5,333
2012	4,572	-	4,572	-
	<u>\$ 41,492</u>	<u>\$ 7,819,337</u>	<u>\$ 7,831,699</u>	<u>\$ 29,130</u>
Less allowance for uncollectible ad valorem taxes receivable:				(14,654)
Ad valorem taxes receivable, net				<u>\$ 14,476</u>
Reconciliation with Revenues:				
Ad valorem taxes:				
General Fund				
				\$ 7,715,148
				(14,897)
				23,362
				141,280
				(33,194)
				<u>116,551</u>
				<u>\$ 7,831,699</u>

Town of Smithfield, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
June 30, 2022

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current Real and personal property	\$ 1,301,040,000	0.57	\$ 7,415,928	\$ 6,653,924	\$ 762,004
Discoveries	42,016,842	0.57	239,496	239,496	-
Releases	<u>(1,177,719)</u>	<u>0.57</u>	<u>(6,713)</u>	<u>(6,713)</u>	<u>-</u>
Total Property Valuation	<u>\$ 1,341,879,123</u>				
Net levy			7,648,711	6,886,707	762,004
Uncollected taxes at June 30, 2022			<u>8,852</u>	<u>8,852</u>	<u>-</u>
Current year's taxes collected			<u>\$ 7,639,859</u>	<u>\$ 6,877,855</u>	<u>\$ 762,004</u>
Current levy collection percentage			<u>99.88%</u>	<u>99.87%</u>	<u>100.00%</u>

Town of Smithfield, North Carolina
Analysis of Current Tax Levy - Downtown District
Town - Wide Levy
June 30, 2022

	Downtown District			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current Real and personal property	\$ 88,514,211	0.19	\$ 168,177	\$ 92,868	\$ 75,309
Discoveries	1,292,105	0.19	2,455	2,455	-
Releases	<u>(3,158)</u>	<u>0.19</u>	<u>(6)</u>	<u>(6)</u>	<u>-</u>
Total Property Valuation	<u>\$ 89,803,158</u>				
Net levy			170,626	95,317	75,309
Uncollected taxes at June 30, 2022			<u>102</u>	<u>102</u>	<u>-</u>
Current year's taxes collected			<u>\$ 170,524</u>	<u>\$ 95,215</u>	<u>\$ 75,309</u>
Current levy collection percentage			<u>99.94%</u>	<u>99.89%</u>	<u>100.00%</u>

Compliance Section



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Smithfield, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises Town of Smithfield's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Smithfield'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 Town of Smithfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as item [2022-001] that we consider to be significant deficiencies.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Report on Compliance and Other Matters

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

Town of Smithfield's Response to Findings

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

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 13, 2022



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**Report On Compliance With Requirements Applicable To Each Major State
Program And Internal Control Over Compliance In Accordance With
OMB Uniform Guidance and the State Single Audit Implementation Act**

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Smithfield, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Smithfield's major State programs for the year ended June 30, 2022. Town of Smithfield's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Smithfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Smithfield and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Town of Smithfield's compliance with the compliance requirements referred to above.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Smithfield's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Smithfield's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Smithfield's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Town of Smithfield's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Smithfield's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Smithfield's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
December 13, 2022

**Town of Smithfield, North Carolina
 Schedule of Findings and Questioned Cost
 For the Year Ended June 30, 2022**

SECTION 1 - SUMMARY OF AUDITORS' 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? yes X no
- Significant Deficiency(s) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? yes X no
- Significant Deficiency(s) identified? yes X none reported

Noncompliance material to State awards yes X no

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes X no

Identification of major State programs:

Program Name
 Connect NC Bond

Town of Smithfield, North Carolina
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2022-001

Prior Period Adjustments

SIGNIFICANT DEFICIENCY

Criteria: Management should have a system in place to verify that transactions are recorded in the correct fund, thereby reducing the likelihood of errors in financial reporting.

Condition: Prior Period Adjustments were made to the General Fund that increased fund balance by \$287,162. These adjustments were to record the June 2021 local option sales tax receivable, which increased fund balance by \$287,162.

Effect: The Town's management and other users of the financial statements do not have accurate information for decisions-making and monitoring of the town's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Cause: Entries that should be part of the year-end close were overlooked. The Town understood that the accrual for August was for June sales, not realizing that the distribution received in September was actually for June sales. Since they had 12 months in revenue, they did not believe that that September distribution should be accrued.

Recommendation: The Town should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely during the year.

Views of responsible officials and The Town agrees with this finding. Please refer to the corrective action plan for details.

SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

Michael Scott, Town Manager
Greg Siler, Finance Director
Tim Kerigan, Human Resources/PIO
Shannan Parrish, Town Clerk



350 East Market Street
Post Office Box 761
Smithfield, NC 27577

Bethany McKeel, Admin. Support Spec.

Telephone: 919.934.2116

Fax: 919.989.8937

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: 2022-001

Name of contact person: Greg Siler, Finance Director

Corrective Action: A system is now in place to account for June's sales and use tax receipts. Year-end spreadsheets to account for sales tax receivables received after June 30th have been modified to include September receipts.

Proposed Completion

Date: Completed December 16, 2022

**Town of Smithfield, North Carolina
Summary Schedule of Prior Year's Findings
For the Year Ended June 30, 2022**

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported.

Town of Smithfield, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Pass-through/Grantor- Program Title	Federal Assistance Listing No.	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
FEDERAL AWARDS				
<u>U. S. Housing and Urban Development</u>				
Passed-through N.C. Department of Commerce CDBG - Neighborhood Stabilization Program	14.228	18-C-3076	\$ 162,505	\$ -
<u>U.S. Department of Justice</u>				
Passed through N.C. Department of Public Safety Bulletproof Vest Partnership Program	16.607		2,748	
<u>U.S. Department of Transportation</u>				
Passed-through N.C. Department of Transportation	20.600		144,613	
<u>U.S. Department of Treasury</u>				
Coronavirus State and Local Fiscal Recovery Fund	21.027		169,952	
Total assistance - federal programs			<u>\$ 479,818</u>	<u>\$ -</u>
STATE AWARDS				
<u>N.C. Department of Environmental Quality</u>				
Connect NC Bond		H-SRP-D-17-0146	-	9,652,778
NC Clean Water Revolving Loan & Grant Asset Inventory & Assessment Grant		E-AIA-W21-0231		99,678
<u>N.C Department of Transportation</u>				
Powell Bill		DOT-4	-	335,315
Total assistance - State programs			<u>\$ -</u>	<u>\$ 10,087,771</u>
Total assistance			<u>\$ 479,818</u>	<u>\$ 10,087,771</u>

Town of Smithfield, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Pass-through/Grantor- Program Title	Federal Assistance Listing No.	Pass-through Grantor's Number	Federal Expenditures	State Expenditures
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Notes to the Schedule of Expenditures of 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 Smithfield under the programs of Federal government and the State of North Carolina for the year ended June 30, 2022. The information in this Schedule of Expenditures of Federal and State Awards is presented 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 Smithfield, it is not to and does not present the financial position, changes in net position, or cash flows of the Town of Smithfield.

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

Note 3: Indirect Cost Rate

The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 4: Loans Outstanding

The Town of Smithfield had the following loan balances outstanding at June 30, 2022 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2022 consist of:

<u>Program Title</u>	<u>AL#</u>	Pass-through Grantor's <u>Number</u>	<u>Amount Outstanding</u>
Connect NC Bond	N/A	H-SRP-D-17-0146	\$ 9,652,778