

**TOWN OF EDENTON,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

MAYOR

Jimmy Stalling

COMMISSIONERS

Elton Bond, Jr (Mayor Pro Tem)

Samuel Dixon

Craig Miller

Roscoe Poole, Jr

Roger Coleman

Hackney High, Jr

TOWN MANAGER

Anne-Marie Knighton

FINANCE OFFICER

Virginia Smith

**Town of Edenton
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June 30, 2020**

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FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Mayor
and Town Council
Edenton, North Carolina

Report on the Financial Statements

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 Edenton, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit, the 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 Edenton, North Carolina, as of June 30, 2020 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance's Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, respectively, be presented to supplement the basic financial statements to supplement the basis 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 basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Chowan County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021 on our consideration of the Town of Edenton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 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 Edenton's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

February 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Edenton, we offer readers of the Town of Edenton's (the "Town") financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

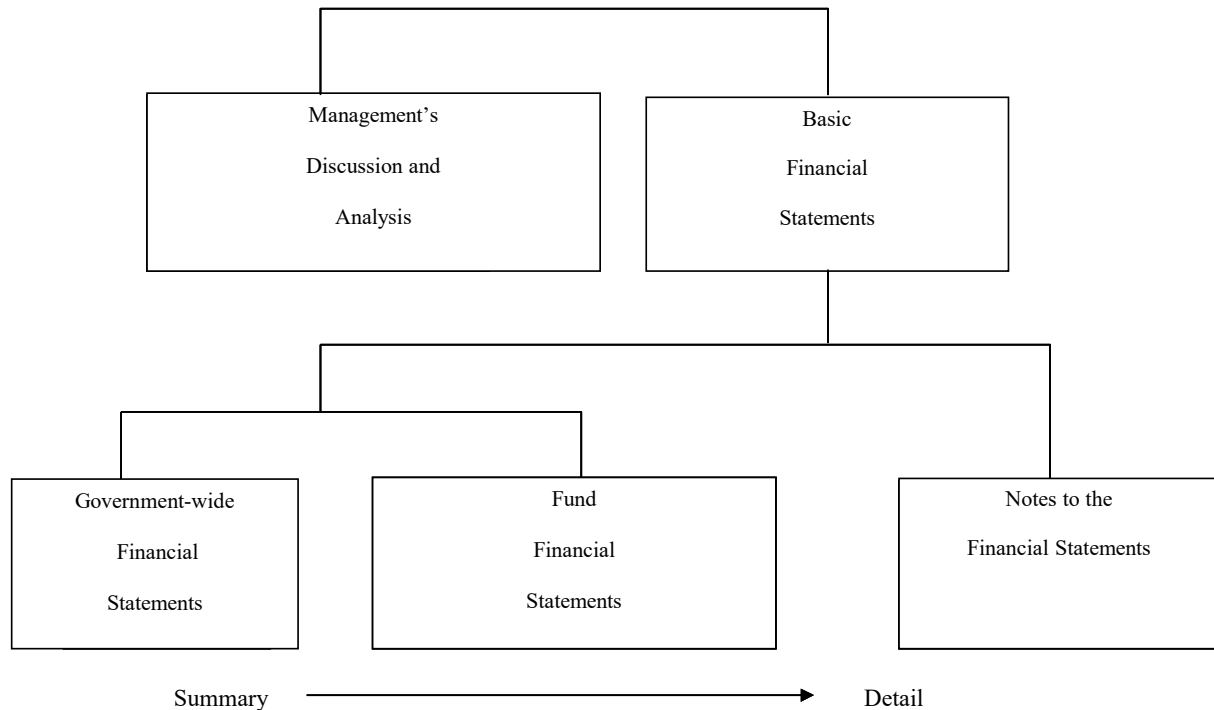
Financial Highlights

- The assets and deferred outflows of resources of the Town of Edenton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$19,717,605 (net position).
- The government's total net position increased by \$885,693 due to increased net position in the governmental activities and business-type activities.
- As of the close of the current fiscal year, the Town of Edenton's governmental funds reported combined ending fund balances of \$3,478,161, after a net increase in fund balance of \$753,151. Approximately 25% of this total amount, or \$870,774, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,663,256, or 51% of total General Fund expenditures and transfers to other funds for the fiscal year.
- The Town of Edenton's total debt increased by \$16,850 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Edenton'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 Edenton.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1&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 3-8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the government fund statements; 2) the budgetary comparison statements; and 3) the proprietary governmental funds 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 major and non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the Town's pension and benefit plans.

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.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those where services are provided and customers are charged for those services. The business-type activities are those that the Town charges customers to provide. These include the water and sewer, electric, and airport services offered by the Town.

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 Edenton, 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 North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary fund.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in the 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 current financial focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds - The Town has three kind of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activity, its electric operations, and its airport services. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Edenton's progress in funding its obligation to provide pension benefits to its employees.

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

Government-Wide Financial Analysis

The Town of Edenton's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,561,895	\$ 2,861,401	\$ 3,496,789	\$ 5,721,649	\$ 7,058,684	\$ 8,583,050
Capital assets	6,740,154	7,036,250	15,519,640	12,559,417	22,259,794	19,595,667
Total assets	10,302,049	9,897,651	19,016,429	18,281,066	29,318,478	28,178,717
Deferred outflows of resources	660,509	742,594	275,384	321,162	935,893	1,063,756
Current liabilities	432,321	459,954	1,201,140	3,847,137	1,633,461	4,307,091
Long-term liabilities	4,617,335	4,795,738	4,055,537	1,182,518	8,672,872	5,978,256
Total liabilities	5,049,656	5,255,692	5,256,677	5,029,655	10,306,333	10,285,347
Deferred inflows of resources	158,797	89,718	71,636	35,496	230,433	125,214
Net Position:						
Net investment						
in capital assets	4,139,471	4,160,161	12,227,131	9,559,164	16,366,602	13,719,325
Transportation	29,402	140,747	-	-	29,402	140,747
Stabilization by State Statute	815,515	744,283	-	-	815,515	744,283
Unrestricted	769,717	249,644	1,736,369	3,977,913	2,506,086	4,227,557
Total net position	\$ 5,754,105	\$ 5,294,835	\$ 13,963,500	\$ 13,537,077	\$ 19,717,605	\$ 18,831,912

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. For the Town of Edenton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,717,605 as of June 30, 2020. The Town's net position increased by \$885,693 in the same period. One of the largest portions \$16,366,602 (83%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Edenton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Edenton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, an additional portion of the Town of Edenton's net position \$844,917 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,506,086 (13%) is unrestricted.

**The Town of Edenton
Changes in Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues						
Charges for Services	\$ 1,979,924	\$ 1,207,446	\$ 14,088,796	\$ 14,413,475	\$ 16,068,720	\$ 15,620,921
Operating grants and contributions	336,525	607,243	513,397	-	849,922	607,243
Capital grants and contributions	-	678,131	-	647,709	-	1,325,840
General revenues:						
Property taxes	1,959,117	1,995,397	-	-	1,959,117	1,995,397
Other taxes	1,558,015	1,360,570	-	-	1,558,015	1,360,570
Other	78,903	236,865	110,555	400,955	189,458	637,820
Total revenues	5,912,484	6,085,652	14,712,748	15,462,139	20,625,232	21,547,791
Expenses:						
General government	956,903	1,198,695	-	-	956,903	1,198,695
Public Safety	2,539,539	2,322,504	-	-	2,539,539	2,322,504
Transportation	901,700	947,426	-	-	901,700	947,426
Environmental protection	1,256,748	982,435	-	-	1,256,748	982,435
Economic and physical development	16,353	243,548	-	-	16,353	243,548
Cultural and recreation	18,330	14,413	-	-	18,330	14,413
Interest on long-term debt	58,641	87,881	-	61,281	58,641	149,162
Airport	-	-	479,733	496,975	479,733	496,975
Water and sewer	-	-	2,128,896	11,375,217	2,128,896	11,375,217
Electric	-	-	11,382,696	2,036,501	11,382,696	2,036,501
Total expenses	5,748,214	5,796,902	13,991,325	13,969,974	19,739,539	19,766,876
Increase (decrease) in net position before transfers and special items	164,270	288,750	721,423	1,492,165	885,693	1,780,915
Transfers	295,000	335,899	(295,000)	(335,899)	-	-
Increase (decrease) in net position	459,270	624,649	426,423	1,156,266	885,693	1,780,915
Net position, beginning, previously reported	5,294,835	4,670,186	13,537,077	12,370,508	18,831,912	17,040,694
Restatement	-	-	-	10,303	-	10,303
Net position, beginning, restated	5,294,835	4,670,186	13,537,077	12,380,811	18,831,912	17,050,997
Net position, ending	<u>\$ 5,754,105</u>	<u>\$ 5,294,835</u>	<u>\$ 13,963,500</u>	<u>\$ 13,537,077</u>	<u>\$ 19,717,605</u>	<u>\$ 18,831,912</u>

Governmental activities: Governmental activities increased the Town's net position by \$459,270.

Business-type activities: Business-type activities increased the Town's net position by \$426,423.

Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$2,663,256 while total fund balance reached \$3,533,253. The Town currently has an unassigned fund balance of 51% of General Fund expenditures while total fund balance represents 68% of the same amount.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$3,478,161, a \$753,151 increase over last 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.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$1,393,153; the Water and Sewer Fund amounted to \$766,779 and those for the Airport Fund amounted to (\$423,563).

Capital Asset and Debt Administration

Capital assets. The Town of Edenton's net investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$22,259,794 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- Bush Hog
- 2019 GMC Truck
- Construction in progress - water projects

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,403,409	\$ 1,403,409	\$ 95,698	\$ 95,698	\$ 1,499,107	\$ 1,499,107
Infrastructure	1,982,627	2,045,065				
Runways	-	-	1,376,465	1,538,150		
Buildings	2,698,678	2,788,944	584,631	616,221	3,283,309	3,405,165
Plant distribution and system	-	-	7,613,978	7,963,264		
Neighborhood redevelopment program	-	-	11,933	12,561	11,933	12,561
Equipment	223,493	259,536	115,260	130,387		
Vehicles	431,947	539,296	216,658	264,695		
Construction in progress	-	-	5,505,017	1,938,442	5,505,017	1,938,442
Total	\$ 6,740,154	\$ 7,036,250	\$ 15,519,640	\$ 12,559,418	\$ 22,259,794	\$ 19,595,668

Additional information on the Town of Edenton's capital assets can be found in the notes to the financial statements.

Long-Term Debt. As of June 30, 2020, the Town of Edenton had total debt outstanding of \$2,600,683 in the Governmental Funds and \$3,292,509 in the Enterprise Funds.

**The Town of Edenton's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchases	\$ 2,600,683	\$ 2,876,089	\$ -	\$ -	\$ 2,600,683	\$ 2,876,089
Clean Water Revolving Loan	-	-	33,011	66,021	33,011	66,021
Sewer Revolving Loan	-	-	379,000	-	379,000	-
Water Tank Rehabilitation Loan	-	-	287,498	293,232	287,498	293,232
Water Treatment Plant Bond	-	-	2,593,000	2,641,000	2,593,000	2,641,000
Total	\$ 2,600,683	\$ 2,876,089	\$ 3,292,509	\$ 3,000,253	\$ 5,893,192	\$ 5,876,342

The Town of Edenton's total governmental debt increased by \$16,850 during the past fiscal year. More detailed information on the Town of Edenton's long-term debt and capital asset activity can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The Town continues to support the Chowan County Tourism Development Authority and the efforts to promote Edenton as a travel destination and a community of value to retirees. The ECP continues to work with consultants trying to attract investment in a care retirement community. Such a facility would increase Edenton's appeal as a retirement destination.
- The Town is making great progress implementing the goals and objects of the Moseley Street and North Oakum Street neighborhood redevelopment plans in distressed neighborhoods to combat blight that exists due to vacant and abandoned housing.
- The local economy appears to be stable, but like most rural towns in North Carolina, the economy is growing at an extremely slow rate. The business climate is improving for our local manufacturers.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities

Property taxes are expected to remain the same as the current tax rate. The Town will use increases in revenues to finance programs currently in place. No new revenues are anticipated and other current sources remain constant. Management continually seeks grants and funding from outside sources to supplement the Town's revenue streams.

Business-type Activities

The water and sewer rates in the Town were left unchanged for the coming year.

Requests for Information

This report is designed to provide an overview of the Town of Edenton'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 Finance Director, Town of Edenton, Post Office Box 300, Edenton, North Carolina 27932 or by email via virginia.smith@edenton.nc.gov.

BASIC FINANCIAL STATEMENTS

Town of Edenton, North Carolina
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,671,829	\$ 2,794,659	\$ 5,466,488
Taxes receivable, net	62,738	-	62,738
Accrued interest receivable on taxes	15,048	-	15,048
Accounts receivable, net	325,760	384,040	709,800
Internal Balances	431,261	(431,261)	-
Inventories	25,857	474,677	500,534
Restricted cash and cash equivalents	29,402	274,674	304,076
Total current assets	<u>3,561,895</u>	<u>3,496,789</u>	<u>7,058,684</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	1,403,409	5,600,715	7,004,124
Other capital assets, net of depreciation	<u>5,336,745</u>	<u>9,918,925</u>	<u>15,255,670</u>
Total capital assets	<u>6,740,154</u>	<u>15,519,640</u>	<u>22,259,794</u>
Total assets	<u>10,302,049</u>	<u>19,016,429</u>	<u>29,318,478</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>660,509</u>	<u>275,384</u>	<u>935,893</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	5,948	713,686	719,634
Accrued interest payable	67,536	45,854	113,390
Customer Deposits	-	274,674	274,674
Compensated absences, current	86,000	25,000	111,000
Installment notes payable, current	<u>272,837</u>	<u>141,926</u>	<u>414,763</u>
Total current liabilities	<u>432,321</u>	<u>1,201,140</u>	<u>1,633,461</u>
Long term Liabilities:			
Installment notes payable	2,327,846	3,150,583	5,478,429
Compensated absences	87,336	70,139	157,475
Net pension liability	913,843	430,044	1,343,887
Total pension liability	466,502	-	466,502
Total OPEB liability	<u>821,808</u>	<u>404,771</u>	<u>1,226,579</u>
Total long-term liabilities	<u>4,617,335</u>	<u>4,055,537</u>	<u>8,672,872</u>
Total liabilities	<u>5,049,656</u>	<u>5,256,677</u>	<u>10,306,333</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>158,797</u>	<u>71,636</u>	<u>230,433</u>
NET POSITION			
Net investment in capital assets	4,139,471	12,227,131	16,366,602
Restricted:			
Transportation	29,402	-	29,402
Stabilization by State Statue	815,515	-	815,515
Unrestricted	<u>769,717</u>	<u>1,736,369</u>	<u>2,506,086</u>
Total net position	<u>\$ 5,754,105</u>	<u>\$ 13,963,500</u>	<u>\$ 19,717,605</u>

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

Town of Edenton, North Carolina
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 956,903	1,272,082	-	\$ -	\$ 315,179	\$ -	\$ 315,179	
Public safety	2,539,539	421,325	203,908	-	(1,914,306)	-	(1,914,306)	
Transportation	901,700	-	129,069	-	(772,631)	-	(772,631)	
Environmental protection	1,256,748	286,517	3,548	-	(966,683)	-	(966,683)	
Cultural and recreational	18,330	-	-	-	(18,330)	-	(18,330)	
Economic and physical development	16,353	-	-	-	(16,353)	-	(16,353)	
Interest on long-term debt	58,641	-	-	-	(58,641)	-	(58,641)	
Total governmental activities	<u>5,748,214</u>	<u>1,979,924</u>	<u>336,525</u>	<u>-</u>	<u>(3,431,765)</u>	<u>-</u>	<u>(3,431,765)</u>	
Business-type activities:								
Airport	479,733	240,989	89,181	-	-	(149,563)	(149,563)	
Electric	11,382,696	11,710,529	424,216	-	-	752,049	752,049	
Water and Sewer	<u>2,128,896</u>	<u>2,137,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,382</u>	<u>8,382</u>	
Total business-type activities	<u>13,991,325</u>	<u>14,088,796</u>	<u>513,397</u>	<u>-</u>	<u>-</u>	<u>610,868</u>	<u>610,868</u>	
	<u>\$ 19,739,539</u>	<u>\$ 16,068,720</u>	<u>\$ 849,922</u>	<u>\$ -</u>	<u>\$ (3,431,765)</u>	<u>\$ 610,868</u>	<u>\$ (2,820,897)</u>	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,959,117	-	1,959,117	
Local option sales tax					801,992	-	801,992	
Other taxes and licenses					756,023	-	756,023	
Investment earnings, unrestricted					41,116	5,317	46,433	
Miscellaneous					-	105,238	105,238	
Sale of capital assets					8,787	-	8,787	
Insurance recovery					29,000	-	29,000	
Transfers					295,000	(295,000)	-	
Total general revenues					<u>3,891,035</u>	<u>(184,445)</u>	<u>3,706,590</u>	
Change in net position					459,270	426,423	885,693	
Net position, beginning					5,294,835	13,537,077	18,831,912	
Net position, ending					<u>\$ 5,754,105</u>	<u>\$ 13,963,500</u>	<u>\$ 19,717,605</u>	

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

Town of Edenton, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major</u>	<u>NonMajor</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,669,204	\$ 2,625	\$ 2,671,829
Restricted cash	29,402	-	29,402
Taxes receivable, net	62,738	-	62,738
Inventories	25,857	-	25,857
Due from other funds	489,755	-	489,755
Accounts receivable, net	324,983	777	325,760
Total assets	<u>\$ 3,601,939</u>	<u>\$ 3,402</u>	<u>\$ 3,605,341</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	5,948	-	5,948
Due to other funds	-	58,494	58,494
Total liabilities	<u>5,948</u>	<u>58,494</u>	<u>64,442</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes receivable	62,738	-	62,738
Total deferred inflows of resources	<u>62,738</u>	<u>-</u>	<u>62,738</u>

Fund balances:

Nonspendable:			
Inventories	25,857	-	25,857
Restricted			
Stabilization by State Statute	814,738	777	815,515
Transportation	29,402	-	29,402
Unassigned	2,663,256	(55,869)	2,607,387
Total fund balances	<u>3,533,253</u>	<u>(55,092)</u>	<u>3,478,161</u>

Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,601,939</u>	<u>\$ 3,402</u>	
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Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Deferred outflows of resources related to pensions and OPEB are not reported in the funds	660,509
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	62,738
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are not accrued as income in the funds.	15,048
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,740,154
Deferred inflows of resources related to pensions and OPEB are not reported in the funds	(158,797)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(2,841,555)
Net OPEB liability.	(821,808)
Net pension liability - LEOSSA.	(466,502)
Net pension liability - LGERS.	(913,843)
Net position of governmental activities	<u>\$ 5,754,105</u>

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

Town of Edenton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	Major	Non-Major	
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 1,984,403	\$ -	\$ 1,984,403
Other taxes and licenses	148,691	-	148,691
Restricted intergovernmental	636,337	-	636,337
Unrestricted intergovernmental	1,295,092	203,908	1,499,000
Permits and fees	32,181	-	32,181
Sales and services	1,558,599	-	1,558,599
Investment earnings	41,116	-	41,116
Total revenues	<u>5,696,419</u>	<u>203,908</u>	<u>5,900,327</u>
EXPENDITURES			
Current:			
General government	856,443	-	856,443
Public safety	2,287,090	-	2,287,090
Transportation and utilities	804,585	-	804,585
Environmental protection	909,791	-	909,791
Economic and physical development	13,202	267,660	280,862
Debt service:			
Principal	275,406	-	275,406
Interest	65,786	-	65,786
Total expenditures	<u>5,212,303</u>	<u>267,660</u>	<u>5,479,963</u>
Excess (deficiency) of revenues over expenditures	<u>484,116</u>	<u>(63,752)</u>	<u>420,364</u>
OTHER FINANCING SOURCES			
Sale of capital assets	8,787	-	8,787
Insurance recovery	29,000	-	29,000
Transfer from other funds	295,000	1,230	296,230
Transfer to other funds	<u>(1,230)</u>	<u>-</u>	<u>(1,230)</u>
Total other financing sources and uses	<u>331,557</u>	<u>1,230</u>	<u>332,787</u>
Net change in fund balance	815,673	(62,522)	753,151
Fund balances-beginning	2,717,580	7,430	2,725,010
Fund balances-ending	<u>\$ 3,533,253</u>	<u>\$ (55,092)</u>	<u>\$ 3,478,161</u>

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

Town of Edenton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

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

Net changes in fund balance - total government funds		\$ 753,151
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the book value of capital outlay decreases in fiscal year.		
Capital outlay expenditures which were capitalized	-	
Depreciation expense for governmental assets	<u>(296,096)</u>	(296,096)
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position		
		57,185
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		219,253
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
		(25,286)
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.		
		275,406
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated absences	34,157	
OPEB and Pension expense	<u>(558,500)</u>	(524,343)
Total changes in net position of governmental activities		<u><u>\$ 459,270</u></u>

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

Town of Edenton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 1,916,313	\$ 1,916,313	\$ 1,984,403	\$ 68,090
Other taxes and licenses	100,000	100,000	148,691	48,691
Restricted intergovernmental revenues	645,099	646,599	636,337	(10,262)
Unrestricted intergovernmental revenues	1,205,810	1,263,041	1,295,092	32,051
Permits and fees	36,100	36,100	32,181	(3,919)
Sales and services	1,379,924	1,383,274	1,558,599	175,325
Investment earnings	32,400	36,000	41,116	5,116
Total revenues	<u>5,315,646</u>	<u>5,381,327</u>	<u>5,696,419</u>	<u>315,092</u>
Expenditures				
Current:				
General government	846,178	898,509	856,443	42,066
Public safety	2,464,204	2,453,268	2,287,090	166,178
Transportation and utilities	988,391	988,391	804,585	183,806
Environmental protection	995,597	995,597	909,791	85,806
Economic and physical development	20,000	19,999	13,202	6,797
Debt service:				
Principal retirement	270,990	284,047	275,406	8,641
Interest and other charges	65,786	65,786	65,786	-
Total expenditures	<u>5,651,146</u>	<u>5,705,597</u>	<u>5,212,303</u>	<u>493,294</u>
Revenues over (under) expenditures	(335,500)	(324,270)	484,116	808,386
Other financing sources (Uses)				
Sale of capital assets	11,500	11,500	8,787	(2,713)
Insurance recovery	29,000	29,000	29,000	-
Transfer from other funds	295,000	283,770	293,770	10,000
Fund Balance Appropriated	-	-	-	-
Total other financing sources (uses)	<u>335,500</u>	<u>324,270</u>	<u>331,557</u>	<u>7,287</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	815,673	\$ <u>815,673</u>
Fund Balances - Beginning			2,717,580	
Fund Balances - Ending			<u>\$ 3,533,253</u>	

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

Town of Edenton, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Electric Fund	Water and Sewer Fund	Airport Fund	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,884,408	910,151	100	\$ 2,794,659
Accounts receivable, net	217,306	164,156	2,578	384,040
Due from other funds	-	-	-	-
Inventories	372,888	82,715	19,074	474,677
Total Current Assets	<u>2,474,602</u>	<u>1,157,022</u>	<u>21,752</u>	<u>3,653,376</u>
Noncurrent assets:				
Restrcted cash and cash equivalents	263,520	11,154	-	274,674
Capital assets:				
Land and construction in progress	84,147	4,251,390	1,265,178	5,600,715
Other capital assets, net of depreciation	2,935,827	4,996,973	1,986,125	9,918,925
Capital assets (net)	<u>3,019,974</u>	<u>9,248,363</u>	<u>3,251,303</u>	<u>15,519,640</u>
Total noncurrent assets	<u>3,283,494</u>	<u>9,259,517</u>	<u>3,251,303</u>	<u>15,794,314</u>
Total Assets	<u>5,758,096</u>	<u>10,416,539</u>	<u>3,273,055</u>	<u>19,447,690</u>
Deferred Outflows of Resources	<u>146,020</u>	<u>128,841</u>	<u>523</u>	<u>275,384</u>
Liabilities				
Current Liabilities:				
Accounts payable & accrued expenses	712,014	1,217	455	713,686
Due to other funds	-	-	431,261	431,261
Customer deposits	263,520	11,154	-	274,674
Accrued interest payable	-	45,854	-	45,854
Compensated absences, current	12,500	12,500	-	25,000
Insallment notes payable, current	-	141,926	-	141,926
Total Current Liabilities	<u>988,034</u>	<u>212,651</u>	<u>431,716</u>	<u>1,632,401</u>
Noncurrent liabilities:				
Total OPEB liability	208,518	183,987	12,266	404,771
Compensated absences	28,905	41,234	-	70,139
Net pension liability	228,461	201,583	-	430,044
Installment notes payable	-	3,150,583	-	3,150,583
Total noncurrent liabilities	<u>465,884</u>	<u>3,577,387</u>	<u>12,266</u>	<u>4,055,537</u>
Total Liabilities	<u>1,453,918</u>	<u>3,790,038</u>	<u>443,982</u>	<u>5,687,938</u>
Deferred Inflows of Resources	<u>37,071</u>	<u>32,709</u>	<u>1,856</u>	<u>71,636</u>
Net Position				
Net investment in capital assets	3,019,974	5,955,854	3,251,303	12,227,131
Unrestricted	<u>1,393,153</u>	<u>766,779</u>	<u>(423,563)</u>	<u>1,736,369</u>
Total Net Position	<u>\$ 4,413,127</u>	<u>\$ 6,722,633</u>	<u>\$ 2,827,740</u>	<u>\$ 13,963,500</u>

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

Town of Edenton, North Carolina
Statement of Revenues and Expenditures and
Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2020

	Electric Fund	Water and Sewer Fund	Airport Fund	Total
Operating revenues:				
Charges for Services	11,710,529	2,122,403	173,142	\$ 14,006,074
Other operating revenues	-	14,875	67,847	82,722
Total Operating Revenues	<u>11,710,529</u>	<u>2,137,278</u>	<u>240,989</u>	<u>14,088,796</u>
Operating expenses:				
Electric operations	2,698,296	-	-	2,698,296
Electric power purchases	7,905,923	-	-	7,905,923
Administrative services	471,835	-	-	471,835
Water operations	-	532,745	-	532,745
Sewer operations	-	717,617	-	717,617
Water and sewer line maintenance	-	574,111	-	574,111
Airport operations	-	-	283,650	283,650
Depreciation	229,909	304,423	196,083	730,415
Total operating expenses	<u>11,305,963</u>	<u>2,128,896</u>	<u>479,733</u>	<u>13,914,592</u>
Total Operating Income (Loss)	<u>404,566</u>	<u>8,382</u>	<u>(238,744)</u>	<u>174,204</u>
Nonoperating Revenues(Expenses):				
Investment earnings	4,156	1,161	-	5,317
Rental income	-	92,262	-	92,262
Interest expense	-	(76,733)	-	(76,733)
Sale of capital assets	-	-	-	-
Sale of merchandise and scrap	-	12,976	-	12,976
Total Nonoperating Revenues (Expenses)	<u>4,156</u>	<u>29,666</u>	<u>-</u>	<u>33,822</u>
Net income (loss) before contributions and transfers	<u>408,722</u>	<u>38,048</u>	<u>(238,744)</u>	<u>208,026</u>
Capital contributions	-	424,216	89,181	513,397
Transfer to other funds	<u>(295,000)</u>	<u>-</u>	<u>-</u>	<u>(295,000)</u>
Total other financing sources and uses	<u>(295,000)</u>	<u>424,216</u>	<u>89,181</u>	<u>218,397</u>
Changes in net position	113,722	462,264	(149,563)	426,423
Total net position, beginning	<u>4,299,405</u>	<u>6,260,369</u>	<u>2,977,303</u>	<u>13,537,077</u>
Total net position, Ending	<u>\$ 4,413,127</u>	<u>\$ 6,722,633</u>	<u>\$ 2,827,740</u>	<u>\$ 13,963,500</u>

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

Town of Edenton, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2020

	Electric Fund	Water and Sewer Fund	Airport Fund	Total
Cash Flows From Operating Activities:				
Cash Received from Customers/others	\$ 11,710,529	\$ 2,121,977	\$ 240,989	\$ 14,073,495
Cash paid to suppliers for goods and services	(9,896,085)	(949,818)	(224,544)	(11,070,447)
Cash paid to employees for services	(944,163)	(892,243)	-	(1,836,406)
Net cash provided by (used for) operating activities	<u>870,281</u>	<u>279,916</u>	<u>(56,143)</u>	<u>1,094,054</u>
Cash Flows from (use by) capital and related financing activities:				
Capital contributions	-	424,216	89,181	513,397
Principal repayments on long-term debt	-	(86,744)	-	(86,744)
Proceeds from financing	-	379,000	-	379,000
Acquisition of capital assets	(34,774)	(3,633,126)	(19,811)	(3,687,711)
Interest income	4,156	1,161	-	5,317
Other income	-	105,238	-	105,238
Interest expense	-	(76,733)	-	(76,733)
Net cash flows provided (used) by capital financing activities	<u>(30,618)</u>	<u>(2,886,988)</u>	<u>69,370</u>	<u>(3,361,633)</u>
Cash Flows from (used for) noncapital financing activities:				
Advances from other funds	(295,000)	-	-	(295,000)
Transfers in/out (net)	17,793	(7,247)	(13,227)	(2,681)
Net cash flows provided (used) by noncapital financing activities	<u>(277,207)</u>	<u>(7,247)</u>	<u>(13,227)</u>	<u>(295,000)</u>
 Net increase (decrease) in cash and cash equivalents	 562,456	 (2,614,319)	 -	 (2,051,863)
Cash and cash equivalents, beginning of year	1,585,472	3,535,624	100	5,121,196
Cash and cash equivalents, end of year	<u>\$ 2,147,928</u>	<u>921,305</u>	<u>100</u>	<u>3,069,333</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 404,566	8,382	(238,744)	174,204
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	229,909	304,423	196,083	730,415
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	234,307	(15,301)	11,128	230,134
Increase (decrease) in accounts payable and accrued liabilities	(56,233)	(23,586)	(14,987)	(94,806)
(Increase) decrease in inventory	(16,529)	(32,261)	(5,666)	(54,456)
Increase (decrease) in net pension liability	17,899	15,793	-	33,692
Increase (decrease) in customer deposits	4,252	(80)	-	4,172
Increase (decrease) in OPEB liability	5,648	(24,596)	(4,737)	(23,685)
(Increase) decrease in deferred outflows of resources for pensions	23,630	22,006	142	45,778
Increase (decrease) in deferred inflows of resources for pensions	19,986	15,516	638	36,140
Increase (decrease) in accrued vacation pay	2,846	9,620	-	12,466
Net cash provided (used) by operating activities	<u>\$ 870,281</u>	<u>279,916</u>	<u>(56,143)</u>	<u>1,094,054</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF EDENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of Town of Edenton and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Edenton (the "Town") is a municipal corporation that is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements include all funds and account groups, which are controlled by or are financially dependent upon the Town.

B. Basis of Presentation

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

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

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

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

NC Housing Fiance Grant Fund- This fund is used to account for revenues and expenses related to the N.C. Housing Agency grant.

FEMA Proceeds Fund - This fund is used to account for revenues and expenses related to FEMA.

Capital Project Fund - Governmental Special Projects Fund - This fund is used to account for capital projects related to governmental activities.

The Town reports the following major enterprise funds:

Electric Fund - This fund is used to account for the Town's electric operations.

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

Airport Fund - This fund is used to account for the Town's airport operations.

C. Measurement Focus, Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes 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. 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 franchise tax, collected and held by the State at year-end on behalf of The Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Edenton because the tax is levied by Chowan County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and the general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflow/Inflows of Resources and Fund Equity**1. Deposits and Investments**

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

State Law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

The Town pool moneys 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

Powel Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Town of Edenton Restricted Cash**Governmental Activities:****General Fund**

Streets	\$	19,582
Public Safety		9,820
		<u>29,402</u>

Total governmental activities**Business-Type Activities:****Electric Fund**

Customer deposits	263,520
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Water and Sewer Fund

Customer deposits	11,154
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Total business-type activities	<u>274,674</u>
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Total restricted cash	<u><u>\$ 304,076</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance 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. Inventories and Prepaid Items

The inventories of the Town are valued at average cost, which approximates market. The Town's General Fund inventory consists of fuel that is recorded as an expenditure as it is used rather than when purchased.

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

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follow: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture \$5,000; and vehicles and motorized equipment, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of The Town are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	20 to 40 years
Infrastructure	20 to 40 years
Substations	33 years
Vehicles	5 years
Furniture and equipment	7 years
Computer equipment	5 years

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow 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 several items that meet this criterion, pension and OPEB deferrals for the 2020 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet this criterion for this category – prepaid taxes, property taxes receivable, pension deferrals, and other OPEB deferrals.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. 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, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

12. Defined Benefit Cost-Sharing Plans

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

II. Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

None.

B. Deficit Fund Balance or Net Position of Individual Funds

The Governmental Special Projects Fund has a deficit fund balance due to timing issues related to income.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All FundsA. Assets1. Deposits

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

At June 30, 2020, the Town's deposits had a carrying amount of \$1,743,257 and a bank balance of \$2,080,627. All of which was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$151.

2. Investments

As of June 30, 2020, the Town's investments consisted of \$3,720,305 in the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy on credit risk.

	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1- 3 Years
Ginnie Mae Pool	Fair Value - Level 1	\$ 306,851	\$ -	\$ -	\$ 306,851

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets of identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted process.

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The Town's investment in US Agencies (US Government Bonds) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the Town's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

4. Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 60,761	\$ 83,246	\$ 264,222	\$ 408,229
Other Governmental	777	-	-	777
Total Receivables	61,538	83,246	-	144,784
Allowance for Doubtful Accounts	-	(5,460)	-	(5,460)
Total Governmental Activities	<u>\$ 61,538</u>	<u>\$ 77,786</u>	<u>\$ 264,222</u>	<u>\$ 403,546</u>
Business-Type Activities:				
Water/Sewer	\$ 209,380	\$ -	\$ -	\$ 209,380
Electric	699,253	-	-	699,253
Airport	2,578	-	-	2,578
Allowance for Doubtful Accounts	(527,171)	-	-	(527,171)
Total Business-Type Activities	<u>\$ 384,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,040</u>

5. Capital Assets**Primary Government**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,403,409	\$ -	\$ -	\$ 1,403,409
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>1,403,409</u>	<u>-</u>	<u>-</u>	<u>1,403,409</u>
Capital assets being depreciated:				
Infrastructure	2,142,106	-	-	2,142,106
Buildings	4,704,755	-	-	4,704,755
Equipment	1,034,797	-	-	1,034,797
Vehicles	1,661,957	-	(11,935)	1,650,022
Total capital assets being depreciated	<u>9,543,615</u>	<u>-</u>	<u>(11,935)</u>	<u>9,531,680</u>
Less accumulated depreciation for:				
Infrastructure	97,041	62,438	-	159,479
Buildings	1,915,811	90,266	-	2,006,077
Equipment	775,261	36,043	-	811,304
Vehicles	1,122,661	107,349	(11,935)	1,218,075
Total accumulated depreciation	<u>3,910,774</u>	<u>\$ 296,096</u>	<u>\$ (11,935)</u>	<u>4,194,935</u>
Total capital assets being depreciated, net	<u>5,632,841</u>			<u>5,336,745</u>
Governmental activity capital assets, net	<u>\$ 7,036,250</u>			<u>\$ 6,740,154</u>

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

General government	\$ 59,996
Public Safety	91,808
Transportation	73,838
Environmental protection	52,124
Cultural and Recreational	18,330
Total Depreciation Expense	<u>\$ 296,096</u>

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Business-type Activities				
Electric Fund				
Capital assets not being depreciated:				
Land	\$ 45,142	\$ -	\$ -	\$ 45,142
Construction in progress	39,005	-	-	39,005
Total capital assets not being depreciated	84,147	-	-	84,147
Capital assets being depreciated:				
Plant and systems	8,818,059	-	-	8,818,059
PDS-Solar farm	439,453	-	-	439,453
Neighborhood redevelopment program	12,561	-	-	12,561
Furniture and equipment	877,376	-	-	877,376
Vehicles	1,076,265	34,774	(182,054)	928,985
Total capital assets being depreciated	11,223,714	34,774	(182,054)	11,076,434
Less accumulated depreciation for:				
Plant and systems	6,410,701	136,243	(2,927)	6,544,017
PDS-Solar farm	-	10,986	-	10,986
Neighborhood redevelopment program	-	628	-	628
Furniture and equipment	795,932	20,106	-	816,038
Vehicles	889,046	61,946	(182,054)	768,938
Total accumulated depreciation	8,095,679	\$ 229,909	\$ (184,981)	\$ 8,140,607
Total capital assets being depreciated, net	3,128,035			2,935,827
Electric Fund capital assets, net	\$ 3,212,182			\$ 3,019,974

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Business-type Activities				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 35,156	\$ -	\$ -	\$ 35,156
Construction in progress	649,658	3,566,576	-	4,216,234
Total capital assets not being depreciated	684,814	3,566,576	-	4,251,390
Capital assets being depreciated:				
Plant and distribution systems	14,729,532	66,550	-	14,796,082
Furniture and equipment	497,539	-	-	497,539
Vehicles	427,503	-	(96,284)	331,219
Total capital assets being depreciated	15,654,574	66,550	(96,284)	15,624,840
Less accumulated depreciation for:				
Plant and distribution systems	9,613,079	276,813	(5,278)	9,884,614
Furniture and equipment	456,621	12,024	-	468,645
Vehicles	350,027	20,865	(96,284)	274,608
Total accumulated depreciation	10,419,727	\$ 309,702	\$ (101,562)	\$ 10,627,867
Total capital assets being depreciated, net	5,234,847			4,996,973
Water and Sewer Fund capital assets, net	\$ 5,919,661			\$ 9,248,363

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Business-type Activities				
Airport Fund				
Capital assets not being depreciated:				
Land	\$ 15,400	\$ -	\$ -	\$ 15,400
Construction in progress	1,249,779	-	-	1,249,779
Total capital assets not being depreciated	1,265,179	-	-	1,265,179
Capital assets being depreciated:				
Runways	3,470,612	-	-	3,470,612
Equipments	97,128	19,811	(29,308)	87,631
Hangars and terminal buildings	1,263,601	-	-	1,263,601
Total capital assets being depreciated	4,831,341	19,811	(29,308)	4,880,460
Less accumulated depreciation for:				
Runways	1,932,462	161,685	-	2,094,147
Equipments	89,103	2,808	(29,308)	62,603
Hangars and terminal buildings	647,380	31,590	-	678,970
Total accumulated depreciation	2,668,945	196,083	(29,308)	2,894,336
Total capital assets being depreciated, net	2,162,396			1,986,124
Airport Fund capital assets, net	\$ 3,427,575			\$ 3,251,303

Construction Commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water Treatment Plant Renovations	\$ 439,589	\$ 2,480,637
	<u>\$ 439,589</u>	<u>\$ 2,480,637</u>

B. Liabilities**1. Payables**

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 5,948	\$ -	\$ 5,948
Other governmental	-	-	-
Total governmental activities	\$ 5,948	\$ -	\$ 5,948
Business-Type Activities:			
Electric	\$ 712,014	\$ -	\$ 712,014
Water and Sewer	1,217	-	1,217
Airport	455	-	455
Total business-type activities	\$ 713,686	\$ -	\$ 713,686

2. Pension Plan and Other Post Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Edenton is a participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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 postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.03% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$322,431 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$1,343,887 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, The Town's proportion was 0.0492%, which was an decrease of 0.00279% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, The Town recognized pension expense of \$589,773. At June 30, 2020, 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	\$ 230,107	\$ -
Changes of assumptions	219,031	-
Net difference between projected and actual earnings on pension plan investments	32,780	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,267	32,417
Town contributions subsequent to the measurement date	322,431	-
Total	<u>\$ 806,616</u>	<u>\$ 32,417</u>

\$322,431 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	230,019
2022	68,113
2023	123,507
2024	30,129
2025	-
Thereafter	-
Total	<u>\$ 451,768</u>

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

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

The plan 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 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 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$3,073,715	\$1,343,887	(\$93,951)

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

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description

The Town of Edenton administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees Receiving Benefits	3
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	15
Total	18

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

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

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

(4) Contributions

The Town is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the 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. The Town paid \$46,672 as benefits came due for the reporting period.

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

At June 30, 2020, The Town reported a total pension liability of \$466,502. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, The Town recognized pension expense of \$49,506.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,331	\$ -
Changes of assumptions and other inputs	20,621	12,371
Benefit payments and administrative expenses subsequent to the measurement date.	-	-
	<u>\$ 76,952</u>	<u>\$ 12,371</u>

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

Year Ended June 30	
2021	17,695
2022	17,695
2023	16,705
2024	12,486
2025	-
Thereafter	-
	<u>\$ 64,581</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26 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 (2.26 percent) or 1-percentage-point higher (3.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 500,349	\$ 466,502	\$ 435,530

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

	2020
Beginning balance	\$ 420,679
Service Cost	17,348
Interest on the total pension liability	14,463
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	48,586
Changes of assumptions or other inputs	12,098
Benefit payments	(46,672)
Other changes	-
Ending balance of the total pension liability	<u>\$ 466,502</u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 589,773	\$ 49,506	\$ 639,279
Pension liability	1,343,887	466,502	1,810,389
Proportionate share of the net pension liability	0.0492%	n/a	
Deferred Outflows of Resources			-
Differences between expected and actual experience	230,107	56,331	286,438
Changes of assumption	219,031	20,621	239,652
Net difference between projected and actual earnings on plan investments	32,780	-	32,780
Changes in proportion and differences between contributions and proportionate share of contributions	2,267	-	2,267
Contributions/Benefit payments and administrative costs paid subsequent to the measurement date	322,431	-	322,431
Deferred Inflows of Resources			-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	12,371	12,371
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	32,417	-	32,417

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 on the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454.

Funding Policy: Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. The Town elects to contribute each month an amount equal to one percent of each general employee's salary, and all amounts contributed are vested immediately. The employees may also make voluntary contributions to the plan.

The Town made contributions of \$66,070 for the reporting year. No amounts were forfeited.

d. Other Post Employment BenefitsHealthcare Benefits

Plan Description - Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Council 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. As of July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the Town. Prior to July 1, 2007, employees qualified for similar level benefits after a minimum of five years of creditable service with the Town. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of latest actuarial valuation:

	<u>Employees</u>
Retirees and dependents receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>71</u>
Total	<u><u>76</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$1,226,579 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.50 percent
Salary increases	2.50 percent, average, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

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

Balance at July 1, 2019	\$	1,297,951
Changes for the year		
Service cost		51,908
Interest		48,925
Changes of benefit terms		-
Differences between expected and actual experience		(116,330)
Changes in assumptions or other inputs		25,389
Benefit payments		(81,264)
Net changes		(71,372)
Balance at June 30, 2020	\$	1,226,579

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (3.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$1,347,401	\$1,226,579	\$1,119,060

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	Current	1% Increase
Total OPEB liability	\$ 1,099,366	\$ 1,226,579	\$ 1,378,467

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$84,094. At June 30, 2020, 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	\$ 29,516	\$ 104,508
Changes of assumptions	22,809	81,137
Town contributions subsequent to the measurement date	-	
Total	<u>\$ 52,325</u>	<u>\$ 185,645</u>

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

Year Ended June 30	
2021	(16,739)
2022	(16,739)
2023	(16,739)
2024	(16,739)
2025	(16,739)
Thereafter	(49,625)
Total	<u>\$ (133,320)</u>

3. Other Employment Benefits

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

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 322,431
Benefit payments and administrative expenses for LEOSA made subsequent to the measurement date	-
Benefit payments and administrative expenses for OPEB made subsequent to the measurement date	-
Differences between expected and actual experience	315,954
Changes of assumptions	262,461
Net difference between projected and actual earnings on plan investments	32,780
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,267
	<u>\$ 935,893</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 62,738
Changes of assumptions	93,508	-
Differences between expected and actual experience	104,508	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,417	-
	<u>\$ 230,433</u>	<u>\$ 62,738</u>

5. Risk Management

The Town is exposed to various risks of losses 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 pool administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to the 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 to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical 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 from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the League of Municipalities. Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the League of Municipalities. The Town only has coverage for one building, which is considered to be in the flood zone.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more of the Town's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket policy for \$25,000.

6. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town had no threatened pending litigations.

7. Long-Term Obligations

a. Installment Purchases

Governmental Activities

In July 2006, the Town entered into a \$230,000 direct placement contract to finance the purchase of a new fire truck. The contract requires twenty annual payments with an interest rate of 4.25%. The annual payments as of June 30, 2020 for the fire truck, including \$18,214 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 12,929	\$ 4,372
2022	13,478	3,823
2023	14,051	3,250
2024	14,648	2,653
2025	15,260	2,041
2026-2029	14,513	2,075
Total payments	<u>\$ 84,879</u>	<u>\$ 18,214</u>

In 2016, the Town entered into a \$2,480,000 direct placement contract to finance the construction of a new police station. The contract requires fifteen annual payments with an interest rate of \$2.98%. The annual payments as of June 30, 2020 for the police station, including \$384,615 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 165,333	\$ 59,123
2022	165,333	54,196
2023	165,333	49,269
2024	165,333	44,342
2025	165,333	39,410
2026-2030	826,665	109,398
2031-2035	330,669	28,877
Total payments	<u>\$ 1,983,999</u>	<u>\$ 384,615</u>

In February 2017, the Town entered into a \$242,000 direct placement contract to finance flood and erosion control improvements to the bulkhead. The contract require ten annual payments with an interest rate of 3.09%. The annual payments as of June 30, 2020 for the bulkhead improvements, including \$20,938 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 24,200	\$ 5,234
2022	24,200	4,487
2023	24,200	3,739
2024	24,200	2,991
2025	24,200	4,487
2026-2030	48,400	
Total payments	<u>\$ 169,400</u>	<u>\$ 20,938</u>

In September 2017, the Town entered into a \$75,500 direct placement contract to finance the purchase of a sanitation truck. The contract require twenty annual payments with an interest rate of 3.25%. The annual payments as of June 30, 2020 for the sanitation truck, including \$23,565 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 2,914	\$ 2,279
2022	3,015	2,178
2023	3,113	2,080
2024	3,214	1,979
2025	3,313	1,880
2026-2030	18,277	7,688
2031-2035	21,448	4,517
2036-2040	14,639	964
Total payments	<u>\$ 69,933</u>	<u>\$ 23,565</u>

In June 2018, the Town entered into a \$88,000 direct placement contract to finance the purchase of police vehicles. The contract require five annual payments with an interest rate of 3.51%. The annual payments as of June 30, 2020 for the police vehicles, including \$3,878 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 17,579	\$ 1,917
2022	18,196	1,300
2023	18,835	661
Total payments	<u>\$ 54,610</u>	<u>\$ 3,878</u>

In November 2018, the Town entered into a \$57,743 direct placement contract to finance the purchase of police vehicles. The contract require five annual payments with an interest rate of 2.61%. The annual payments as of June 30, 2020 for the police vehicles, including \$3,018 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 11,549	\$ 1,209
2022	11,549	904
2023	11,549	603
2024	11,547	302
Total payments	<u>\$ 46,194</u>	<u>\$ 3,018</u>

In November 2018, the Town entered into a \$230,000 direct placement contract to finance the purchase of a street sweeper. The contract require six annual payments with an interest rate of 3.05%. The annual payments as of June 30, 2020 for the police vehicles, including \$17,557 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2021	\$ 38,333	\$ 5,862
2022	38,333	4,677
2023	38,333	3,508
2024	38,333	2,338
2025	38,335	1,172
Total payments	<u>\$ 191,667</u>	<u>\$ 17,557</u>

Business-Type Activities

The Town entered into an agreement with the North Carolina Department of Environmental and Natural Resources Division of Environmental Health to participate in the State Revolving Loan Fund. Funds available to the Town total \$630,300. At June 30, 2020, the total amount drawn by the Town was \$66,021. The revolving loan is to be repaid in nineteen annual principal payments of \$33,010. Interest is calculated at 2.55%. Principal payments are due on May 1 of each year and interest payments are calculated on a six-month basis and are due on November 1 and May 1 of each year.

Year ending June 30	<u>Business-type Activities</u>	
	Principal	Interest
2021	\$ 33,011	\$ 842
Total payments	\$ 33,011	\$ 842

The Town entered into an agreement with the United States Department of Agriculture's Rural Development Division to finance the water tank rehabilitation project. Funds available to the Town total \$335,000. The contract requires 39 annual payments with an interest rate of 3.17%. The annual payments as of June 30, 2020 for the water tank rehabilitation, including \$163,178 of interest, are as follows:

Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2021	\$ 5,915	\$ 9,171
2022	6,103	8,983
2023	6,296	8,790
2024	6,496	8,590
2025	6,705	8,436
2026-2030	35,703	39,727
2031-2035	41,731	33,699
2036-2040	48,778	26,652
2041-2045	57,015	18,315
2046-2050	66,643	815
2051-2055	6,113	-
Total payments	\$ 287,498	\$ 163,178

The Town entered into an agreement with the United States Department of State Agriculture to finance the capital improvements to the Town's Freemason and Beaver Hill water treatment plant. The contract requires 40 annual payments with an interest rate of 1.625%. The future minimum payments as of June 30, 2020 for the capital improvements, including \$928,366 of interest, are as follows:

Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2021	\$ 48,000	\$ 42,136
2022	49,000	41,356
2023	50,000	40,560
2024	51,000	39,748
2025	51,000	38,919
2026-2030	270,000	181,838
2031-2035	292,000	159,137
2036-2040	315,000	134,713
2041-2045	344,000	108,209
2046-2050	372,000	79,366
2051-2055	403,000	48,133
2056-2060	348,000	14,251
Total payments	\$ 2,593,000	\$ 928,366

The Town entered into an agreement with the Department of Environmental Quality for a Sanitary Sewer Project. Funds available to the Town total \$1,100,000. At June 30, 2020, the total amount drawn by the Town was \$379,000. The revolving loan is to be repaid in twenty annual principal payments of \$55,000. Interest is calculated at 0.00%. Principal payments are due on May 1 of each year. The first payment will be on May 1, 2021. At June 30, 2020, the outstanding balance was \$379,000.

Year ending June 30	Business Activities	
	Principal	Interest
2021	\$ 55,000	\$ -
2022	55,000	-
2023	55,000	-
2024	55,000	-
2025	55,000	-
2026-2030	104,000	-
Total payments	<u>\$ 379,000</u>	<u>\$ -</u>

b. Changes in Long-Term Debt

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2020:

	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
Governmental Activities:					
Direct placement installment purchases	\$ 2,876,089	\$ -	\$ (275,406)	\$ 2,600,683	\$ 272,837
Net pension liability (LGRS)	842,248	71,595	-	913,843	-
Total pension liability (LEO)	420,679	45,823	-	466,502	-
Total OPEB liability	869,497	-	(47,689)	821,808	-
Compensated absences	139,179	86,198	(52,041)	173,336	86,000
Total	\$ 5,147,692	\$ 203,616	\$ (375,136)	\$ 4,976,172	\$ 358,837
Business-type Activities:					
Clean Water Revolving Loan	\$ 66,021	\$ -	\$ (33,010)	\$ 33,011	\$ 33,011
Sewer revolving Loan	-	379,000	-	379,000	55,000
Water Tank Rehabilitation Loan	293,232	-	(5,734)	287,498	\$ 5,915
Water Treatment Plant Bond	2,641,000	-	(48,000)	2,593,000	48,000
Net pension liability (LGRS)	396,352	33,692	-	430,044	-
Total OPEB liability	428,454	-	(23,683)	404,771	-
Compensated absences	82,673	12,466	-	95,139	25,000
Total	\$ 3,907,732	\$ 425,158	\$ (110,427)	\$ 4,222,463	\$ 166,926

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

c. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2020, consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 431,261
General Fund	Governmental Capital Projects Fund	\$ 58,494

Transfers to/from other funds at June 30, 2020, consist of the following:

	Amount
From the Electric Fund to the General Fund - operating transfer and payment in lieu of taxes	\$ 295,000
From the General Fund to the Governmental Special Projects Fund - operating transfer	1,230
	<u>\$ 296,230</u>

Transfers are used to move unrestricted revenues from one fund to another. The transfer from the electric fund to the general fund was to pay back the general fund for expenses related to the electric fund and for payment in lieu of taxes.

D. Net Investment in Capital Assets

The Town's net investment in capital assets as of June 30, 2020, is as follows:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 6,740,154	\$ 15,519,640
Less: Long-term debt	(2,600,683)	(3,292,509)
Net investment in capital assets	<u>\$ 4,139,471</u>	<u>\$ 12,227,131</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 3,533,253
Less:	
Stabilization by State Statute	324,983
Streets - Powell Bill	29,402
Inventories	25,857
Remaining Fund Balance	\$ 3,153,011

IV. Jointly Governed Organization

The Town in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (NCEMPA). NCEMPA was formed to enable municipalities that own and operate their own electric distributions to collectively purchase wholesale power. Each participating government appoints one commissioner to NCEMPA's governing board. The 32 members who receive power from NCEMPA have signed power sales agreements to purchase a specified share of the wholesale power purchased by NCEMPA. 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, 2020 were \$7,905,923.

V. Summary Disclosure of Significant ContingenciesFederal and State Assisted Programs

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

VI. Significant Effects of Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2020 and February 15, 2021, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No such items were noted.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally
accounting principals.

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

Schedule of Contributions – Local Government Employees’
Retirement System

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

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

Schedule of Changes in the Total OPEB Liability and Related Ratios

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

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset) (%)	0.0492%	0.052%	0.050%	0.050%	0.053%	0.051%	0.052%
Board's proportion of the net pension liability (asset) (\$)	\$ 1,343,887	\$ 1,238,600	\$ 770,889	\$ 1,061,380	\$ 239,298	\$ (307,435)	609,924
Board's covered-employee payroll	\$ 3,250,734	\$ 3,159,091	\$ 3,123,019	\$ 3,013,958	\$ 3,034,304	\$ 2,940,730	2,695,027
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.34%	39.21%	24.68%	35.22%	7.89%	-10.45%	22.63%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Town of Edenton, North Carolina
Town of Edenton's Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 322,431	\$ 256,618	\$ 242,234	\$ 230,899	\$ 210,038	\$ 217,206	209,466
Contributions in relation to the contractually required contribution	322,431	256,618	242,234	230,899	210,038	217,206	209,466
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Town's covered-employee payroll	\$ 3,512,948	\$ 3,250,734	\$ 3,159,091	\$ 3,123,019	\$ 3,013,958	\$ 3,034,304	2,940,730
Contributions as a percentage of covered-employee payroll	9.18%	7.89%	7.67%	7.39%	6.97%	7.16%	7.14%

Town of Edenton, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	2020	2019	2018	2017
Beginning balance	\$ 420,679	\$ 426,912	\$ 385,821	\$ 379,699
Service Cost	17,348	22,169	19,662	21,930
Interest on the total pension liability	14,463	12,753	14,397	13,180
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	48,586	20,340	9,334	-
Changes of assumptions or other inputs	12,098	(14,823)	23,407	(7,966)
Benefit payments	(46,672)	(46,672)	(25,709)	(21,022)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 466,502</u>	<u>\$ 420,679</u>	<u>\$ 426,912</u>	<u>\$ 385,821</u>

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

Town of Edenton, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 466,502	\$ 420,679	\$ 426,912	\$ 385,821
Covered payroll	741,688	882,153	855,015	863,216
Total pension liability as a percentage of covered payroll	62.90%	47.69%	49.93%	44.70%

Notes to the schedules:

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

Town of Edenton, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service Cost	51,908	53,993	58,945
Interest	48,925	45,079	38,995
Changes of benefit items		-	-
Differences between expected and actual experience	(116,330)	14,075	26,901
Changes of assumptions	25,389	(41,456)	(70,750)
Benefit payments	(81,264)	(79,323)	(87,428)
Net change in total OPEB liability	(71,372)	(7,632)	(33,337)
Total OPEB liability - beginning	1,297,951	1,305,583	1,338,920
Total OPEB liability - ending	1,226,579	1,297,951	1,305,583
 Covered payroll	 2,944,699	 2,836,544	 2,836,544
Total OPEB liability as a percentage of covered payroll	41.65%	45.76%	46.03%

Notes to Schedule

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

Fiscal year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

GENERAL FUND

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

**Town of Edenton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 1,975,887	\$
Penalties and Interest		8,516	
Total	<u>1,916,313</u>	<u>1,984,403</u>	<u>68,090</u>
Other Taxes and Licenses:			
Auto/Bicycle taxes		18,740	
Land transfer tax		129,951	
Total	<u>100,000</u>	<u>148,691</u>	<u>48,691</u>
Unrestricted Intergovernmental revenues:			
Utility franchise tax		410,159	
Local option sales taxes		801,992	
Payments in lieu of taxes		62,984	
Beer and wine tax		19,957	
Total	<u>1,263,041</u>	<u>1,295,092</u>	<u>32,051</u>
Restricted Intergovernmental:			
Powell Bill revenue		129,069	
Powell Bill - vehicle tax		93,700	
Chowan County - Fire protection		410,020	
Solid Waste disposal tax		3,548	
Total	<u>646,599</u>	<u>636,337</u>	<u>(10,262)</u>
Permits and Fees:			
Video programming fees		20,876	
Officer fees		1,706	
Police revenue		6,711	
Nuisance fees		2,888	
Total	<u>36,100</u>	<u>32,181</u>	<u>(3,919)</u>
Sales and Services:			
Refuse collections		286,517	
Cemetery lot sales		31,226	
Rents		23,151	
Garage		280,738	
Trolley ticket sales		32,150	
Administrative fees from other funds		575,322	
Miscellaneous		329,495	
Total	<u>1,383,274</u>	<u>1,558,599</u>	<u>175,325</u>
Investment Earnings: Interest			
General Fund - unrestricted		40,708	
General Fund - restricted		408	
Total	<u>35,600</u>	<u>41,116</u>	<u>5,516</u>
TOTAL REVENUES	<u>5,380,927</u>	<u>5,696,419</u>	<u>315,492</u>

Town of Edenton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Elected officials			
Salaries and employee benefits		39,831	
Training and travel		20,433	
Total	60,413	60,264	149
Administration			
Salaries and employee benefits		286,524	
Other operating expenses		369,524	
Capital outlay		-	
Total	672,219	656,048	16,171
Inspections:			
Salaries and employee benefits		105,704	
Other operating expenses		34,427	
Total	165,877	140,131	25,746
Total general government	898,509	856,443	42,066
Public Safety:			
Police:			
Salaries and employee benefits		1,300,839	
Other operating expenses		190,528	
Capital outlay		-	
Total	1,621,975	1,491,367	130,608
Fire:			
Salaries and employee benefits		654,708	
Other operating expenses		141,015	
Capital outlay		-	
Total	831,293	795,723	35,570
Total public safety	2,453,268	2,287,090	166,178
Transportation and utilities			
Street:			
Salaries and employee benefits		203,190	
Other operating expenses		303,100	
Capital outlay		-	
Total	624,132	506,290	117,842
Garage:			
Salaries and employee benefits		135,669	
Other operating expenses		162,626	
Capital outlay		-	
Total	364,259	298,295	65,964
Total transportation and utilities	988,391	804,585	183,806

Town of Edenton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Sanitation			
Salaries and employee benefits		321,372	
Other operating expenses		93,749	
Capital outlay		-	
Total	460,812	415,121	45,691
Mosquito Control			
Salaries and employee benefits		965	
Other operating expenses		1,981	
Total	4,649	2,946	1,703
Cemetery:			
Salaries and employee benefits		341,939	
Other operating expenses		149,785	
Capital outlay		-	
Total	529,736	491,724	38,012
Total environmental protection	995,197	909,791	85,406
Economic and physical development:			
Main Street Program			
Capital Outlay	19,999	13,202	6,797
Total economic and physical development	19,999	13,202	6,797
Debt Service:			
Principal retirement		275,406	
Interest and other charges		-	
Interest expense		65,786	
Total	349,833	341,192	8,641
TOTAL EXPENDITURES	5,705,197	5,212,303	492,894
Revenues over (under) Expenditures	(324,270)	484,116	(808,386)
Other financing sources (uses):			
Sale of capital assets		8,787	
NC Fellow Program		29,000	
Transfers from (to) other funds		295,000	
Transfers from (to) other funds		(1,230)	
Fund balance appropriated		-	
Total Other Financing Sources (Uses)	324,270	331,557	7,287
Net change in fund balance	\$ -	815,673	\$ (815,673)
Fund balances:			
Beginning of year, July 1		2,717,580	
End of year, June 30		\$ 3,533,253	

OTHER MAJOR GOVERNMENTAL FUNDS

Town of Edenton, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	NC Housing Finance Grant Fund	FEMA Proceeds Fund	Total Nonmajor Special Revenue Funds	Governmental Special Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:						
Cash and cash equivalents	\$ -	\$ 2,625	\$ 2,625	\$ -	\$ -	\$ 2,625
Accounts receivable, net	-	-	-	777	777	777
Due from other governments	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 2,625</u>	<u>\$ 2,625</u>	<u>\$ 777</u>	<u>\$ 777</u>	<u>\$ 3,402</u>
Liabilities and Fund Balances:						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	58,494	58,494	58,494
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,494</u>	<u>58,494</u>	<u>58,494</u>
Fund Balances:						
Restricted						
Stabilization by State Statue	-	-	-	777	777	777
Unrestricted	-	2,625	2,625	(58,494)	(58,494)	(55,869)
Total fund balances	<u>-</u>	<u>2,625</u>	<u>2,625</u>	<u>(57,717)</u>	<u>(57,717)</u>	<u>(55,092)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 2,625</u>	<u>\$ 2,625</u>	<u>\$ 777</u>	<u>\$ 777</u>	<u>\$ 3,402</u>

Town of Edenton, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2020

	NC Housing Finance Grant	FEMA Proceeds Fund	Total Nonmajor Special Revenue Funds	Governmental Special Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:						
Restricted intergovernmental	\$ 87,128	\$ 97,592	\$ 184,720	\$ 19,188	\$ 19,188	\$ 203,908
Total revenues	<u>87,128</u>	<u>97,592</u>	<u>184,720</u>	<u>19,188</u>	<u>19,188</u>	<u>203,908</u>
Expenditures:						
Economic and physical development	87,128	94,967	182,095	-	-	182,095
Capital outlay	-	-	-	85,565	85,565	85,565
Total Expenditures	<u>87,128</u>	<u>94,967</u>	<u>182,095</u>	<u>85,565</u>	<u>85,565</u>	<u>267,660</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,625</u>	<u>2,625</u>	<u>(66,377)</u>	<u>(66,377)</u>	<u>(63,752)</u>
Other Financing Sources (Uses):						
Installment purchase proceeds	-	-	-	-	-	-
Transfers in	-	-	-	1,230	1,230	1,230
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230</u>	<u>1,230</u>	<u>1,230</u>
Net change in Fund Balance	-	2,625	2,625	(65,147)	(65,147)	(62,522)
Fund balances:						
Beginning of Year, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,430</u>	<u>7,430</u>	<u>7,430</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 2,625</u>	<u>\$ 2,625</u>	<u>\$ (57,717)</u>	<u>\$ (57,717)</u>	<u>\$ (55,092)</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Town of Edenton, North Carolina
North Carolina Housing Finance Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted Intergovernmental Revenues:					
Federal grant no. SFRLP 2014	\$	\$ 182,785	\$ 87,128	\$ 269,913	\$
Total restricted intergovernmental	269,946	182,785	87,128	269,913	(33)
Expenditures:					
Current:					
Economic and physical development:					
Administration		32,821	19,134	51,955	
Rehabilitation		149,964	67,994	217,958	
Total economic and physical development	269,946	182,785	87,128	269,913	33
Revenues over expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:			-		
Beginning of Year, July 1					
End of Year, June 30			\$ -		

Town of Edenton, North Carolina
FEMA Proceeds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
FEMA Proceeds		97,592	
Total restricted intergovernmental	97,592	97,592	-
Expenditures:			
Economic and physical development:			
Dorian Town Labor		21,553	
Dorian Town Materials		25,077	
Dorian Contract		30,957	
Dorian Town Equipment		17,380	
Total Expenditures	97,592	94,967	2,625
Revenues Over (Under) Expenditures	-	2,625	2,625
Net change in fund balance	-	2,625	2,625
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	2,625	\$ 2,625
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ 2,625	

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

Town of Edenton, North Carolina
Governmental Special Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
NC Dept of Public Safety Grant		19,188	
Total restricted intergovernmental	1,548,982	19,188	(1,529,794)
Expenditures:			
Capital Outlay:			
Police Vehicles		1,230	
Sound Ferry Project		5,000	
Police Surveillance Cameras		43,102	
Colonial Park Upgrads		36,233	
Total Expenditures	1,563,982	85,565	1,478,417
Revenues Over (Under) Expenditures	(15,000)	(66,377)	(51,377)
Other Financing Sources (Uses):			
Installment purchase proccedes		-	
Transfer in (out)		1,230	
Total other financing sources (uses)	15,000	1,230	13,770
Net change in fund balance	-	(65,147)	(65,147)
Fund Balance Appropriated		-	-
Net change in fund balance	\$ -	(65,147)	\$ (65,147)
Fund Balance:			
Beginning of Year, July 1		7,430	
End of Year, June 30		\$ (57,717)	

PROPRIETARY FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Town of Edenton, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services:			
Electricity sales	\$	\$ 11,535,416	\$
Penalties		57,162	
Pole rent		27,345	
Sale of merchandise and scrap		40,771	
Connection fees and services		38,496	
Miscellaneous		11,339	
Total operating revenues	<u>12,112,748</u>	<u>11,710,529</u>	<u>(402,219)</u>
Nonoperating Revenues			
Investment earnings	-	4,156	
Total non-operating revenues	<u>2,700</u>	<u>4,156</u>	<u>1,456</u>
Total Revenues	<u>12,115,448</u>	<u>11,714,685</u>	<u>(400,763)</u>
Expenditures:			
Electric Administration:			
Salaries and employee benefits		411,411	
Contracted services		13,005	
Services		471,835	
Industrial development		30,000	
Maintenance and repair		150,162	
Other operating expenses		142,089	
Total electric administration	<u>1,220,046</u>	<u>1,218,502</u>	<u>1,544</u>
Billing and Collection:			
Salaries and employee benefits		187,543	
Other operating expenses		56,197	
Total billing and collection	<u>251,616</u>	<u>243,740</u>	<u>7,876</u>
Electric Power			
Salaries and employee benefits		345,209	
Electricity Purchases		7,905,923	
Sales Tax		573,378	
Maintenance and repair		421,991	
Contracted services		4,352	
Other operating expenses		309,479	
Total electric power	<u>9,982,286</u>	<u>9,560,332</u>	<u>421,954</u>

Town of Edenton, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Capital Outlay			
Vehicles		34,774	
Total capital outlay	366,500	34,774	331,726
Total Expenditures	11,820,448	11,057,348	763,100
Revenues Over (Under) Expenditures	295,000	657,337	362,337
Other Financing Sources and (Uses):			
Transfer to general fund	-	(295,000)	
Total Other Financing Sources (Uses)	(295,000)	(295,000)	-
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	362,337	362,337

Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:

Revenues, Other Sources and Appropriated	
Fund Balance Over (Under)	
Expenditures and Other Uses	\$ 362,337
Reconciling items:	
Capital Outlay	34,774
Change in accrued vacation pay	(2,846)
(Increase) decrease in net pension liability	(17,899)
Increase (decrease) in deferred outflows of resources for pensions	(23,630)
(Increase) decrease in deferred inflows of resources for pensions	(19,986)
Change in inventory	16,529
Change in accrued OPEB	(5,648)
Depreciation	(229,909)
Total reconciling items	(248,615)
Change in net position	\$ 113,722

Town of Edenton, North Carolina
Airport Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services:			
Hangar rentals	\$	\$ 40,645	\$
Sale of fuel		132,497	
Other operating revenue		67,847	
Total operating revenues	<u>238,509</u>	<u>240,989</u>	<u>2,480</u>
Nonoperating Revenues			
Restricted intergovernmental			
Federal and state grants	-	39,316	
Total non-operating revenues	<u>40,352</u>	<u>39,316</u>	<u>(1,036)</u>
Total Revenues	<u>278,861</u>	<u>280,305</u>	<u>1,444</u>
Expenditures:			
Administration			
Salaries and employee benefits		46,416	
Insurance		11,704	
Fuel Purchases		113,466	
Other operating expenses		32,330	
Total administration	<u>257,861</u>	<u>203,916</u>	<u>53,945</u>
Capital Outlay		19,811	
Total capital outlay	<u>21,000</u>	<u>19,811</u>	<u>1,189</u>
Total Expenditures	<u>278,861</u>	<u>223,727</u>	<u>55,134</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>56,578</u>	<u>56,578</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	<u>-</u>	<u>56,578</u>	<u>56,578</u>

Town of Edenton, North Carolina
Airport Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues, Other Sources and Appropriated			
Fund Balance Over (Under)			
Expenditures and Other Uses		\$ 56,578	
Reconciling items:			
Capital Outlay		19,811	
Other revenues from capital projects		49,865	
Other expenses from capital projects		(49,865)	
Change in accrued vacation pay		-	
(Increase) decrease in net pension liability		-	
Increase (decrease) in deferred outflows of resources for pensions		(142)	
(Increase) decrease in deferred inflows of resources for pensions		(638)	
Change in inventory		-	
Change in accrued OPEB		4,737	
Depreciation		(229,909)	
Total reconciling items		(206,141)	
Change in net position		\$ (149,563)	

Town of Edenton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services:			
Charges for water and sewer	\$	\$ 2,122,403	\$
Other operating revenues		14,875	
Total operating revenues	<u>2,359,544</u>	<u>2,137,278</u>	<u>(222,266)</u>
Non-operating Revenues			
Sale of merchandise and scrap		12,968	
Rents		92,262	
Interest earned		1,161	
Total non-operating revenues	<u>116,241</u>	<u>106,391</u>	<u>(9,850)</u>
Total Revenues	<u>2,475,785</u>	<u>2,243,669</u>	<u>(232,116)</u>
Expenditures:			
Water operations:			
Salaries and employee benefits		80,384	
Services		103,487	
Utilities		38,365	
Maintenance and repair		120,738	
Other operating expenses		210,516	
Total water operations	<u>562,728</u>	<u>553,490</u>	<u>9,238</u>
Sewage Collections			
Salaries and employee benefits		377,279	
Utilities		114,382	
Maintenance and repair		153,039	
Chemicals		1,975	
Other operating expenses		70,942	
Total sewage collections	<u>741,061</u>	<u>717,617</u>	<u>23,444</u>
Water and Sewer Line Maintenance			
Salaries and employee benefits		434,580	
Maintenance and repair		108,353	
Other operating expenses		31,179	
Total water and sewer line maintenance	<u>593,251</u>	<u>574,112</u>	<u>19,139</u>
Debt Service			
Debt principal		81,508	
Interest and fees		76,733	
Total debt service	<u>160,000</u>	<u>158,241</u>	<u>1,759</u>
Capital Outlay			
Plant Distribution System		66,550	
Total Capital Outlay	<u>418,745</u>	<u>66,550</u>	<u>352,195</u>
Total Expenditures	<u>2,475,785</u>	<u>2,070,010</u>	<u>405,775</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>173,659</u>	<u>173,659</u>
Other Financing Sources and (Uses):			
Transfers in (out)		-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	<u>-</u>	<u>173,659</u>	<u>\$ 173,659</u>

Town of Edenton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues, Other Sources and Appropriated			
Fund Balance Over (Under)			
Expenditures and Other Uses		\$ 173,659	
Reconciling items:			
Capital Outlay		66,550	
Change in accrued vacation pay		(9,620)	
(Increase) decrease in net pension liability		(15,793)	
Increase (decrease) in deferred outflows			
of resources for pensions		(22,006)	
Capital contributions in the Water Capital Projects		424,216	
(Increase) decrease in deferred inflows			
of resources for pensions		(15,516)	
Change in accrued OPEB		24,596	
Change in inventory		32,261	
Depreciation		(196,083)	
Total reconciling items		288,605	
Change in net position		\$ 462,264	

Town of Edenton, North Carolina
Solar Farm Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Non-operating revenue					
O2 EMC Solar Farm Grant	\$ 448,195	\$ -	\$ -	\$ -	\$ (448,195)
Total non-operating revenue	<u>448,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(448,195)</u>
Expenditures:					
Capital outlay		439,453	-	439,453	
Total	<u>448,195</u>	<u>439,453</u>	<u>-</u>	<u>439,453</u>	<u>8,742</u>
Revenues over (under) expenditures	<u>-</u>	<u>(439,453)</u>	<u>-</u>	<u>(439,453)</u>	<u>(439,453)</u>
Other Financing Sources (Uses):					
Long-term debt issued				-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>(439,453)</u>	\$ <u>-</u>	\$ <u>(439,453)</u>	\$ <u>(439,453)</u>

Town of Edenton, North Carolina
Waste Water Treatment Plant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Non-operating revenue					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-operating revenue	-	-	-	-	-
Expenditures:					
Capital outlay	410,900	128,313	178,069	306,382	
Total	410,990	128,313	178,069	306,382	104,608
Revenues over (under) expenditures	(410,990)	(128,313)	(178,069)	(306,382)	104,608
Other Financing Sources (Uses):					
Long-term debt issued	410,990	-	-	-	(410,990)
Total	410,990	-	-	-	(410,990)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (128,313)	\$ (178,069)	\$ (306,382)	\$ (306,382)

Town of Edenton, North Carolina
Waste Water Abatement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
N.C. Department of Commerce Grant	\$ 187,995	\$ 84,004	\$ -	\$ 84,004	\$
Local Funds	40,000	-	40,008	40,008	
Total non-operating revenue	<u>227,995</u>	<u>84,004</u>	<u>40,008</u>	<u>124,012</u>	<u>(103,983)</u>
Expenditures:					
Loan Fee	22,000	-	22,000	22,000	
Capital outlay	<u>1,305,995</u>	<u>201,911</u>	<u>259,673</u>	<u>461,584</u>	
Total	<u>1,327,995</u>	<u>201,911</u>	<u>281,673</u>	<u>483,584</u>	<u>844,411</u>
Revenues over (under) expenditures	<u>(1,100,000)</u>	<u>(117,907)</u>	<u>(241,665)</u>	<u>(359,572)</u>	<u>740,428</u>
Other Financing Sources (Uses):					
Long-term debt issued	<u>1,100,000</u>	<u>-</u>	<u>379,000</u>	<u>379,000</u>	<u>(721,000)</u>
Total	<u>1,100,000</u>	<u>-</u>	<u>379,000</u>	<u>379,000</u>	<u>(721,000)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (117,907)</u>	<u>\$ 137,335</u>	<u>\$ 19,428</u>	<u>\$ 19,428</u>

Town of Edenton, North Carolina
Water Treatment Plants Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
U.S.D.A. Grant	\$ 1,115,149	\$ -	\$ 424,216	\$ 424,216	\$
Total non-operating revenue	<u>1,115,149</u>	<u>-</u>	<u>424,216</u>	<u>424,216</u>	<u>(690,933)</u>
Expenditures:					
Professional Services	503,500	-	10,565	10,565	
Interest	135,556	-	135,555	135,555	
Capital outlay	<u>3,117,093</u>	<u>445,589</u>	<u>2,882,826</u>	<u>3,328,415</u>	
Total	<u>3,756,149</u>	<u>445,589</u>	<u>3,028,946</u>	<u>3,474,535</u>	<u>281,614</u>
Revenues over (under) expenditures	<u>(2,641,000)</u>	<u>(445,589)</u>	<u>(2,604,730)</u>	<u>(3,050,319)</u>	<u>(409,319)</u>
Other Financing Sources (Uses):					
Short-term debt issued	<u>2,641,000</u>	<u>2,641,000</u>	<u>-</u>	<u>2,641,000</u>	<u>-</u>
Total	<u>2,641,000</u>	<u>2,641,000</u>	<u>-</u>	<u>2,641,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>2,195,411</u>	\$ <u>(2,604,730)</u>	\$ <u>(409,319)</u>	\$ <u>(409,319)</u>

Town of Edenton, North Carolina
Water Supply Well Rehab Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
NC Department of Commerce	\$ 1,336,000	\$ -	\$ -	\$ -	\$ (1,336,000)
Total non-operating revenue	<u>1,336,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,336,000)</u>
Expenditures:					
Capital outlay	1,336,000	25,000	32,981	57,981	1,278,019
Total	<u>1,336,000</u>	<u>25,000</u>	<u>32,981</u>	<u>57,981</u>	<u>1,278,019</u>
Revenues over (under) expenditures	<u>-</u>	<u>(25,000)</u>	<u>(32,981)</u>	<u>(57,981)</u>	<u>(57,981)</u>
Other Financing Sources (Uses):					
Short-term debt issued				-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>\$ (32,981)</u>	<u>\$ (57,981)</u>	<u>\$ (57,981)</u>

Town of Edenton, North Carolina
NCDEQ Grant Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Local Funds	\$ 1,038,250	\$ -	\$ 184,812	\$ 184,812	\$ (853,438)
Total non-operating revenue	<u>1,038,250</u>	<u>-</u>	<u>184,812</u>	<u>184,812</u>	<u>(853,438)</u>
Expenditures:					
Professional Services	880,750	-	79,644	79,644	801,106
Capital outlay	<u>157,500</u>	<u>-</u>	<u>2,250</u>	<u>2,250</u>	<u>155,250</u>
Total	<u>1,038,250</u>	<u>-</u>	<u>81,894</u>	<u>81,894</u>	<u>956,356</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>102,918</u>	<u>102,918</u>	<u>102,918</u>
Other Financing Sources (Uses):					
Short-term debt issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,918</u>	<u>\$ 102,918</u>	<u>\$ 102,918</u>

Town of Edenton, North Carolina
Parallel Taxiway Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
Grant Proceeds	\$ 52,610	\$ -	\$ 49,865	\$ 49,865	\$ (2,745)
Total non-operating revenue	<u>52,610</u>	<u>-</u>	<u>49,865</u>	<u>49,865</u>	<u>(2,745)</u>
Expenditures:					
Professional Services	52,610	-	49,865	49,865	2,745
Total	<u>52,610</u>	<u>-</u>	<u>49,865</u>	<u>49,865</u>	<u>2,745</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Short-term debt issued	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Edenton, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$	\$ 2,008,456	\$ 1,982,579	\$ 25,877
2018-2019	31,729	-	17,241	14,488
2017-2018	11,741	-	6,046	5,695
2016-2017	5,617	-	1,311	4,306
2015-2016	3,865	-	621	3,244
2014-2015	4,457	-	814	3,643
2013-2014	4,752	-	2,024	2,728
2012-2013	5,033	-	2,391	2,642
2011-2012	5,046	-	1,709	3,337
2010-2011	3,694	-	1,456	2,238
2009-2010	3,941	-	3,941	-
TOTALS	\$ <u>79,875</u>	\$ <u>2,008,456</u>	\$ <u>2,020,133</u>	\$ 68,198
Less: Allowance for uncollectable taxes				<u>(5,460)</u>
Ad valorem taxes - General Fund				\$ <u>62,738</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,984,403
Reconciling items:				
Penalties and Interest				(8,516)
Releases				<u>44,246</u>
Total Reconciling Items				35,730
Total Collections and Credits				\$ <u>2,020,133</u>

Town of Edenton, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020

				Total Levy	
	Property Valuation	Town - wide Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 521,676,883	0.3850%	\$ 2,008,456	\$ 1,863,883	\$ 144,573
Total Original Levy	<u>521,676,883</u>		<u>2,008,456</u>	<u>1,863,883</u>	<u>144,573</u>
 Total for Year	 \$ <u>521,676,883</u>		 2,008,456	 1,863,883	 144,573
Uncollected taxes at June 30, 2020			<u>(25,877)</u>	<u>(25,877)</u>	<u>-</u>
Current year's taxes collected			\$ <u>1,982,579</u>	\$ <u>1,838,006</u>	\$ <u>144,573</u>
Current levy collection percentage			<u>98.71%</u>	<u>98.61%</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 Auditor's Report

To the Honorable Mayor and Town Council
Edenton, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Edenton, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Edenton's basic financial statements, and have issued our report thereon dated February 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for 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 accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, listed as 2020-001.

Compliance and Other Matters

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

Town of Edenton's Response to Findings

The Town of Edenton'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., PA

Wilmington, North Carolina

February 15, 2021



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

Independent Auditor's Report

To the Honorable Mayor
and Town Council
Edenton, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Edenton, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Edenton's major federal programs for the year ended June 30, 2020. The Town of Edenton major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Edenton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

Wilmington, North Carolina

February 15, 2021



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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Directors
The Town of Edenton
Edenton, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Edenton, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Edenton's major state programs for the year ended June 30, 2020. The Town of Edenton's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the State statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Edenton 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, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
February 15, 2021

Section I.	Summary of Auditor's Results
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Town of Edenton, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2020 – 001 Segregation of Duties

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among Town personnel.

Effect: Transactions could be mishandled.

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

Recommendation: The duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation. The governing board should provide some of these controls.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrective action plan to follow.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



Town of Edenton, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

Finding: 2020 – 001 Segregation of Duties

Name of contact person: Anne-Marie Knighton, Town Manager

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

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

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Town of Edenton, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2020

2019 - 001 Status: Corrected.

2018 – 001 Status: Corrected.

2018 – 002 Status: Repeated.

2018 – 003 Status: Corrected.

TOWN OF EDENTON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number 1(a)(b)	State/ Pass-through Grantor's Number 1(c)	Fed. (Direct & Pass-through) Expenditures 1(c),2	State Expenditures 1(d)	Pass-through to subrecipients 1(e)	Local Expenditures 1(d)
Federal Grants:						
Cash Programs:						
<u>U.S. Dept. of Housing and Urban Development</u>						
Passed-through N.C. Housing Finance Agency:						
Single Family Rehabilitation	14.239	SFRLP 1410	\$ 87,128	\$ -	\$ -	\$ -
<u>U.S. Dept. of Transportation</u>						
Passed-through the N.C. Department						
of Transportation:						
Airport Improvement Program	20.106	36237.15.13.1	9,315	-	-	-
Airport Improvement Program	20.106	36237.15.15.1	30,000	-	-	-
<u>U.S. Department of Homeland Security</u>						
Passed-through N.C. Department of Public Safety						
Division of Emergency Management						
Disaster Grants - Public Assistance (Presidentially						
Declared Disasters)	97.036		73,194	24,398	-	-
<u>U.S. Department of Agriculture</u>						
Community Facilities Loans & Grants - Water Supply						
Improvements (Note 4)	10.766	38-021-566001216	2,641,000	-	-	-
Total assistance - federal programs			<u>2,840,637</u>	<u>24,398</u>	<u>-</u>	<u>-</u>
State Grants:						
Cash Programs:						
<u>N.C. Department of Environmental Quality</u>						
Connect NC Bond		E-SRP-W-2017- 00000059-4W	-	379,008	-	-
<u>N.C. Department of Transportation:</u>						
Powell Bill		32570	-	129,069	-	-
State Aid to Airports		DOT-8	-	49,865	-	-
Total assistance - State programs			<u>-</u>	<u>557,942</u>	<u>-</u>	<u>-</u>
Total assistance			<u>\$ 2,840,637</u>	<u>\$ 582,340</u>	<u>\$ -</u>	<u>\$ -</u>

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 (SEFSA) includes the federal and State grant activity of the Town of Edenton under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Edenton, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Edenton.

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

Note 4: Loans Outstanding

Town of Edenton had the following loan balances outstanding at June 30, 2020 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, 2020 consist of:

	Federal CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Connect NC Bond		E-SRP-W-2017- 00000059-4W	\$ 1,100,000
Community Facilities Loans and Grants	10.766	38-021-566001216	\$ 3,044,465