

Town of Falcon

North Carolina

Independent Auditor's Report

Financial Statements

and

Supplementary Information

June 30, 2020

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Financial Section

HAIGH, BYRD & LAMBERT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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POST OFFICE BOX 53349
FAYETTEVILLE, NORTH CAROLINA 28305

Independent Auditor's Report

To the Honorable Mayor and
Board of Commissioners
Town of Falcon, 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 Falcon, 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 of Falcon, North Carolina'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund,

and the aggregate remaining fund information of the Town of Falcon, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The individual fund financial statements, budgetary schedules, and other schedules 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, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haigh, Byrd + Lambert, LLP

December 21, 2020

Fayetteville, North Carolina

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Falcon, North Carolina, we offer readers of the Town's financial statements this narrative overview and analysis of its financial activities 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

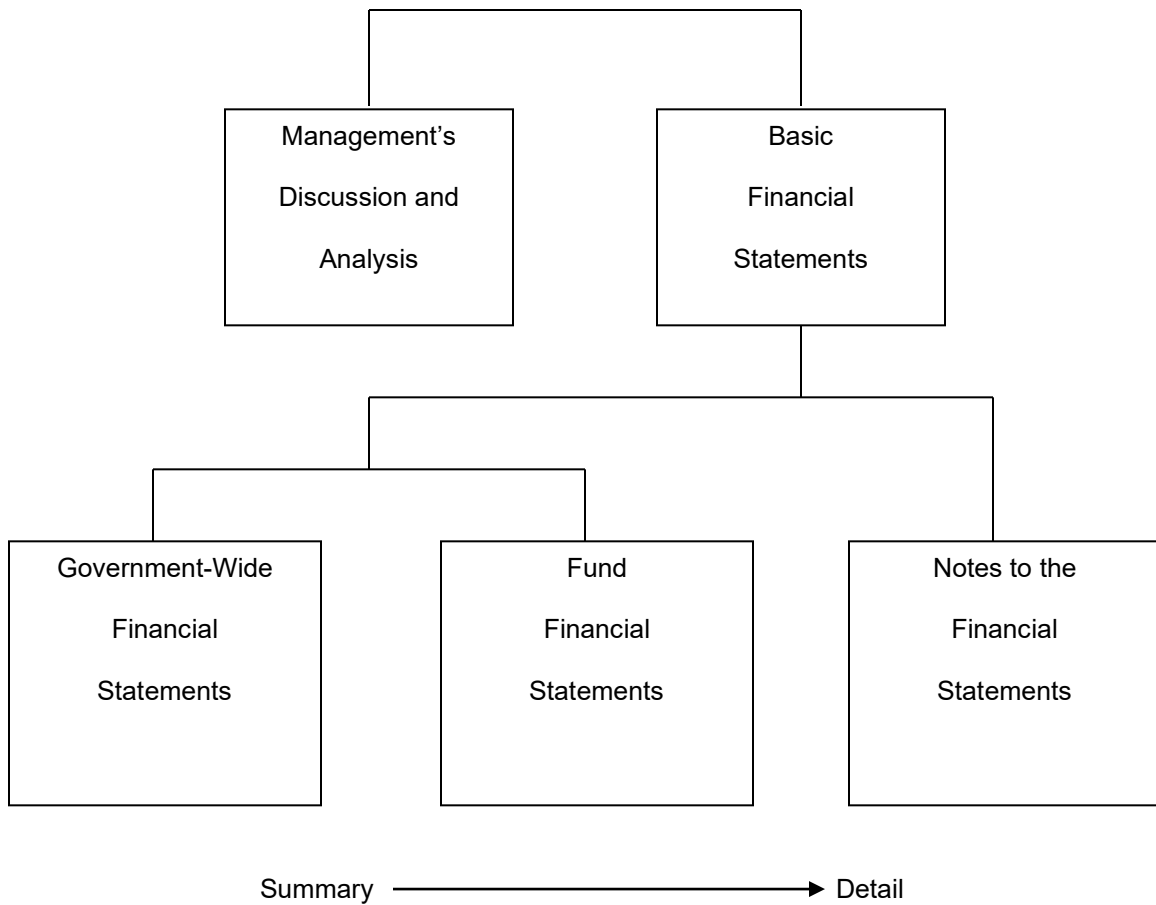
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,127,139 (*net position*).
- The government's total net position increased by \$114,451, primarily due to increases in the governmental activities net position. A key factor in this increase was the receipt of insurance proceeds for damages incurred to the Town Hall.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$111,431, a net decrease of \$92,254 from last year. Approximately 30.28% of this total amount, or \$33,744, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$77,687, or 20.88% of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 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 governmental fund statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as general administration, public safety, transportation, and parks and recreation. Property taxes and State grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water 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, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him 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 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 a kind of proprietary fund called an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water activity. This fund is the same as the function 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 Falcon'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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Falcon's Net Position

Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 119,764	\$ 194,336	\$ 151,809	\$ 138,643	\$ 271,573	\$ 332,979
Capital assets	550,702	344,431	328,590	336,440	879,292	680,871
Deferred outflows of resources	9,575	9,410	6,730	6,615	16,305	16,025
Total assets and deferred outflows of resources	<u>\$ 680,041</u>	<u>\$ 548,177</u>	<u>\$ 487,129</u>	<u>\$ 481,698</u>	<u>\$ 1,167,170</u>	<u>\$ 1,029,875</u>
Current liabilities	\$ 7,270	\$ 7,226	\$ 27,026	\$ 32,859	\$ 34,296	\$ 40,085
Long-term liabilities	3,368	3,344	2,367	2,350	5,735	5,694
Deferred inflows of resources	-	17	-	12	-	29
Total liabilities and deferred inflows of resources	<u>\$ 10,638</u>	<u>\$ 10,587</u>	<u>\$ 29,393</u>	<u>\$ 35,221</u>	<u>\$ 40,031</u>	<u>\$ 45,808</u>
Net position:						
Net investment in capital assets	\$ 550,702	\$ 344,431	\$ 328,590	\$ 336,440	\$ 879,292	\$ 680,871
Restricted	33,744	19,897	-	-	33,744	19,897
Unrestricted	84,957	173,262	129,146	110,037	214,103	283,299
Total net position	<u>\$ 669,403</u>	<u>\$ 537,590</u>	<u>\$ 457,736</u>	<u>\$ 446,477</u>	<u>\$ 1,127,139</u>	<u>\$ 984,067</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. As of June 30, 2020, the assets and deferred outflows of the Town exceeded its liabilities and deferred inflows by \$1,127,139. For the fiscal year ended June 30, 2020, the Town's net position increased by \$125,710. The largest portion (78.01%) of net position reflects the Town's investment in capital assets (e.g., land, buildings, plant and distribution systems, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position (2.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$214,103 (18.99%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.91%.
- The Town continues to be free of debt.

Town of Falcon's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,558	\$ 7,495	\$ 159,792	\$ 162,248	\$ 167,350	\$ 169,743
Operating grants and contributions	11,779	10,773	-	-	11,779	10,773
Capital grant and contributions	27,696	231,548	-	-	27,696	231,548
General revenues:						
Property taxes	26,303	26,103	-	-	26,303	26,103
Other taxes	-	225	-	-	-	225
Grants and contributions not restricted to specific programs	108,955	95,309	-	-	108,955	95,309
Unrestricted investment earnings	1,638	1,935	1,873	1,309	3,511	3,244
Miscellaneous	96,116	5,202	-	-	96,116	5,202
Total revenues	280,045	378,590	161,665	163,557	441,710	542,147
Expenses:						
General government	103,578	95,650	-	-	103,578	95,650
Public safety	18,195	18,522	-	-	18,195	18,522
Transportation	34,609	47,407	-	-	34,609	47,407
Cultural and recreational	9,212	64,318	-	-	9,212	64,318
Water	-	-	150,406	170,210	150,406	170,210
Total expenses	165,594	225,897	150,406	170,210	316,000	396,107
Increase (decrease) in net position before transfers	114,451	152,693	11,259	(6,653)	125,710	146,040
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	114,451	152,693	11,259	(6,653)	125,710	146,040
Net position, July 1 (as adjusted)	554,952	384,897	446,477	453,130	1,001,429	838,027
Net position, end of year	\$ 669,403	\$ 537,590	\$ 457,736	\$ 446,477	\$ 1,127,139	\$ 984,067

Governmental Activities. Governmental activities increased the Town's net position by \$114,451.

Business-Type Activities. Business-type activities increased the Town's net position by \$11,259.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$77,687, while total fund balance reached \$111,431, a 49.51% decrease from last year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.88% of total General Fund expenditures, while total fund balance represents 29.96% of that same amount.

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

Actual revenues were greater than the budgeted amounts, particularly unrestricted intergovernmental revenue. Expenditures were more than those budgeted, particularly general government expenditures largely due to the Town Hall repair.

In fiscal year 2016, the Town, in conjunction with the Fayetteville-Cumberland Parks and Recreation Department began renovating the Town Park. The Fayetteville-Cumberland Parks and Recreation Department has committed to fund the entire project. The Town is not responsible for any expenditures. As of June 30, 2020, \$307,627 has been spent. The renovations are not complete.

Proprietary Fund. The Town’s proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$129,146. The total increase in net position for the fund was \$11,259.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2020, the Town’s investment in capital assets for its governmental and business-type activities totals \$879,292 (net of accumulated depreciation). These assets include land, buildings, roads, water distribution systems, machinery and equipment, park facilities, and vehicles.

**Town of Falcon’s Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 224,571	\$ 224,571	\$ -	\$ -	\$ 224,571	\$ 224,571
Construction in Progress	218,090	-	-	-	218,090	-
Buildings and systems Improvements	48,378	48,702	328,590	336,440	376,968	385,142
Equipment	22,362	26,187	-	-	22,362	26,187
Infrastructure	25,921	27,089	-	-	25,921	27,089
Vehicles	11,380	17,882	-	-	11,380	17,882
Total	\$ 550,702	\$ 344,431	\$ 328,590	\$ 336,440	\$ 879,292	\$ 680,871

Additional information on the Town’s capital assets can be found in Note III-A-4 of the basic financial statements.

Long-Term Debt. As of June 30, 2020, the Town had no installment or bonded debt.

Town of Falcon’s Outstanding Liabilities

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Pension related debt (LGERS)	\$ 3,368	\$ 3,344	\$ 2,367	\$ 2,350	\$ 5,735	\$ 5,694
Total	\$ 3,368	\$ 3,344	\$ 2,367	\$ 2,350	\$ 5,735	\$ 5,694

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8.00% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town is \$1,391,147.

Economic Factors and Next Year’s Budgets and Rates

Budget Highlights for the Fiscal Year Ending June 30, 2021

The Town’s property tax rate will remain unchanged. The water rates will remain unchanged. Management will continue to monitor cost of operations and infrastructure maintenance. The Town will use the revenues from its governmental and business-type activities to finance programs currently in place.

Requests for Information

This report is designed to provide an overview of the Town’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Falcon, Post Office Box 112, Falcon, North Carolina 28342. One can also call (910) 980-1355 or send an email to townoffalcon@embarqmail.com for more information.

Basic Financial Statements

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

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 84,956	\$ 128,111	\$ 213,067
Taxes receivables (net)	1,064	-	1,064
Accounts receivable (net)	-	12,529	12,529
Due from other governments	18,965	-	18,965
Internal balances	7,558	(7,558)	-
Restricted cash and cash equivalents	7,221	18,727	25,948
Total current assets	<u>119,764</u>	<u>151,809</u>	<u>271,573</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	442,661	-	442,661
Other capital assets, net of depreciation	108,041	328,590	436,631
Total capital assets	<u>550,702</u>	<u>328,590</u>	<u>879,292</u>
Total non-current assets	<u>550,702</u>	<u>328,590</u>	<u>879,292</u>
Total assets	<u><u>670,466</u></u>	<u><u>480,399</u></u>	<u><u>1,150,865</u></u>
Deferred outflows of resources:			
Pension deferrals	9,575	6,730	16,305
Total deferred outflows of resources	<u>9,575</u>	<u>6,730</u>	<u>16,305</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	7,270	8,299	15,569
Payable from restricted assets	-	18,727	18,727
Total current liabilities	<u>7,270</u>	<u>27,026</u>	<u>34,296</u>
Long-term liabilities:			
Due in more than one year	3,368	2,367	5,735
Total long-term liabilities	<u>3,368</u>	<u>2,367</u>	<u>5,735</u>
Total liabilities	<u><u>10,638</u></u>	<u><u>29,393</u></u>	<u><u>40,031</u></u>
Deferred inflows of resources:			
Prepaid taxes	-	-	-
Pension deferrals	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Net investment in capital assets	550,702	328,590	879,292
Restricted for:			
Stabilization by State Statute	26,523	-	26,523
Streets	7,221	-	7,221
Unrestricted	84,957	129,146	214,103
Total net position	<u><u>\$ 669,403</u></u>	<u><u>\$ 457,736</u></u>	<u><u>\$ 1,127,139</u></u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 103,578	\$ 7,558	\$ 287	\$ -	\$ (95,733)	\$ -	\$ (95,733)
Public safety	18,195	-	-	-	(18,195)	-	(18,195)
Transportation	34,609	-	11,492	-	(23,117)	-	(23,117)
Cultural and recreational	9,212	-	-	27,696	18,484	-	18,484
Total governmental activities	165,594	7,558	11,779	27,696	(118,561)	-	(118,561)
Business-type activities:							
Water	150,406	159,792	-	-	-	9,386	9,386
Total business-type activities	150,406	159,792	-	-	-	9,386	9,386
Total	\$ 316,000	\$ 167,350	\$ 11,779	\$ 27,696	(118,561)	9,386	(109,175)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					26,303	-	26,303
Other taxes						-	-
Grants and contributions not restricted to specific programs					108,955	-	108,955
Unrestricted investment earnings					1,638	1,873	3,511
Miscellaneous					96,116	-	96,116
Transfers					-	-	-
Total general revenues and transfers					233,012	1,873	234,885
Change in net position					114,451	11,259	125,710
Net position, beginning of year, previously reported					537,590	446,477	984,067
Prior year adjustment					17,362	-	17,362
Net position, beginning of year, as adjusted					554,952	446,477	1,001,429
Net position, end of year					\$ 669,403	\$ 457,736	\$ 1,127,139

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

**Town of Falcon, North Carolina
Balance Sheet
Governmental Fund
June 30, 2020**

	Major Fund
	General
Assets:	
Cash and cash equivalents	\$ 84,956
Restricted cash and cash equivalents	7,221
Receivables, net:	
Taxes	1,064
Accounts	-
Due from other governments	18,965
Due from other funds	7,558
Total assets	\$ 119,764
Liabilities:	
Accounts payable and accrued liabilities	\$ 7,269
Due to other funds	-
Total liabilities	7,269
Deferred inflows of resources:	
Property taxes receivable	1,064
Prepaid taxes	-
Total deferred inflows of resources	1,064
Fund balance:	
Restricted:	
Stabilization by State Statute	26,523
Streets	7,221
Unassigned	77,687
Total fund balance	111,431
Total liabilities and deferred inflows of resources and fund balances	\$ 119,764

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

Town of Falcon, North Carolina
Balance Sheet
Governmental Fund
June 30, 2020

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

Total fund balance - governmental fund	\$ 111,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	918,557
Less accumulated depreciation	(367,855)
Deferred outflows of resources related to pensions are not reported in the funds	9,575
Earned revenues considered deferred inflows of resources in fund statements.	1,063
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	
Net pension liability	(3,368)
Deferred inflows of resources related to pensions are not reported in the funds	-
Net position of governmental activities	<u>\$ 669,403</u>

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

	Major Fund
	General
Revenues:	
Ad valorem taxes	\$ 25,993
Other taxes and licenses	-
Unrestricted intergovernmental	108,955
Restricted intergovernmental	11,779
Sales and services	7,558
Investment earnings	1,638
Miscellaneous	96,116
Total revenues	252,039
Expenditures:	
Current:	
General government	290,358
Public safety	18,195
Transportation	33,465
Cultural and recreational	29,971
Total expenditures	371,989
Revenues over (under) expenditures	(119,950)
Other financing sources (uses):	
Local capital contributions (Fayetteville- Cumberland Parks & Recreation)	27,696
Transfers to other funds	-
Total other financing sources (uses)	27,696
Net change in fund balance	(92,254)
Fund balance, beginning of year	186,323
Prior year adjustment	17,362
	203,685
Fund balance, end of year	\$ 111,431

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

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

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

Net change in fund balance - governmental fund	\$	(92,254)
<p>Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is depreciated over their estimated useful lives.</p>		
Capital outlay expenditures which were capitalized		223,821
Depreciation expense for governmental assets		(17,550)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		3,730
<p>Revenues in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.</p>		
Change in unavailable revenue for tax revenues		310
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expense		<u>(3,606)</u>
Total change in net position of governmental activities	\$	<u><u>114,451</u></u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 27,770	\$ 27,770	\$ 25,993	\$ (1,777)
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	94,400	94,400	108,955	14,555
Restricted intergovernmental	11,200	11,200	11,779	579
Sales and services	7,300	7,300	7,558	258
Investment earnings	250	250	1,638	1,388
Miscellaneous	99,200	99,200	96,116	(3,084)
Total revenues	<u>240,120</u>	<u>240,120</u>	<u>252,039</u>	<u>11,919</u>
Expenditures:				
Current:				
General government	185,980	185,980	290,358	(104,378)
Public safety	18,850	18,850	18,195	655
Transportation	35,500	35,500	33,465	2,035
Cultural and recreational	31,396	31,396	29,971	1,425
Total expenditures	<u>271,726</u>	<u>271,726</u>	<u>371,989</u>	<u>(100,263)</u>
Revenues over (under) expenditures	<u>(31,606)</u>	<u>(31,606)</u>	<u>(119,950)</u>	<u>(88,344)</u>
Other financing sources (uses):				
Transfers to other funds:				
Enterprise Fund	-	-	-	-
Local capital contributions				
(Fayetteville-Cumberland Parks & Recreation)	27,696	27,696	27,696	-
Total other financing sources (uses)	<u>27,696</u>	<u>27,696</u>	<u>27,696</u>	<u>-</u>
Fund balance appropriated	<u>3,910</u>	<u>3,910</u>	<u>-</u>	<u>(3,910)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(92,254)</u>	<u>\$ (92,254)</u>
Fund balance, beginning of year			186,323	
Prior year adjustment			<u>17,362</u>	
Beginning of year - as adjusted			<u>203,685</u>	
Fund balance, end of year			<u>\$ 111,431</u>	

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

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

	Major Enterprise Fund Water
Assets:	
Current assets:	
Cash and cash equivalents	\$ 128,111
Accounts receivable (net)	12,529
Restricted cash and cash equivalents	18,727
Total current assets	159,367
Noncurrent assets:	
Capital assets:	
Other capital assets, net of depreciation	328,590
Total capital assets (net)	328,590
Total non-current assets	328,590
Total assets	487,957
Deferred outflows of resources:	
Pension deferrals	6,730
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	8,299
Due to other funds	7,558
Liabilities payable from restricted assets:	
Customer deposits	18,727
Total current liabilities	34,584
Noncurrent liabilities:	
Net pension liability	2,367
Total non-current liabilities	2,367
Total liabilities	36,951
Deferred inflows of resources:	
Pension deferrals	-
Net position:	
Net investment in capital assets	328,590
Unrestricted	129,146
Total net position	\$ 457,736

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

Town of Falcon, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Major Enterprise Fund Water
Operating revenues:	
Charges for services	\$ 149,895
Water taps	2,144
Other operating revenues	7,753
Total operating revenues	159,792
Operating expenses:	
Administration and finance	30,451
Water treatment and distribution	103,980
Depreciation	15,975
Total operating expenses	150,406
Operating income (loss)	9,386
Non-operating revenues (expenses):	
Investment earnings	1,873
Total non-operating revenues (expenses)	1,873
Income (loss) before contributions and transfers	11,259
Transfer from other funds	-
Change in net position	11,259
Total net position, previously reported	446,477
Total net position, ending	\$ 457,736

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

Town of Falcon, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Major Enterprise Fund <u>Water</u>
Cash flows from operating activities:	
Cash received from customers	\$ 157,782
Cash paid for goods and services	(109,283)
Cash paid to or on behalf of employees for services	(31,901)
Customer deposits received	1,950
Customer deposits returned	(1,000)
Other operating revenues	4,034
Net cash provided (used) by operating activities	<u>21,582</u>
Cash flows from non-capital financing activities:	
Due to (from) other funds	64
Transfer from other funds	-
Net cash provided (used) by non-capital financing activities	<u>64</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(8,125)
Net cash provided (used) by capital and related financing activities	<u>(8,125)</u>
Cash flows from investing activities:	
Interest	<u>1,873</u>
Net increase (decrease) in cash and cash equivalents	15,394
Balance, beginning of year	131,444
Balance, end of year	<u>\$ 146,838</u>

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

Town of Falcon, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Major Enterprise Fund Water
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 9,386
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	15,975
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	2,165
(Increase) decrease in deferred outflows of resources - pensions	(115)
Increase (decrease) in net pension liability	17
Increase (decrease) in deferred inflows of resources - pensions	(12)
Increase (decrease) in accounts payable and accrued liabilities	(6,783)
Increase (decrease) in customer deposits	950
Total adjustments	12,197
Net cash provided (used) by operating activities	\$ 21,582

Notes to the Financial Statements

Town of Falcon, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of the Town 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 is a municipal corporation that is governed by an elected mayor and a four-member board.

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. 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 any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, 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 Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .11 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.

2. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening local streets per G.S. 136-41.1-136-41.4.

Restricted Cash

Governmental activities		
General Fund		
	Streets	\$ 7,221
Total governmental activities		<u>7,221</u>
Business-type activities		
Water and Sewer Fund		
	Customer deposits	<u>18,727</u>
Total business-type activities		<u>18,727</u>
Total restricted cash		<u>\$ 25,948</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain amount and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$7,500; infrastructure, \$10,000; furniture and equipment, \$2,500; and vehicles, \$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. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives is not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Infrastructure	50
Improvements	20
Vehicles	5
Furniture and equipment	10
Computer equipment	5

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion – pension deferrals for the 2020 fiscal year. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and pension deferrals.

8. Compensated Absences

The vacation and sick leave policy of the Town does not provide for the carryover of vacation or sick leave from year-to-year; therefore, no provision for compensated absences has been made in the accompanying financial statements.

9. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of 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 the Town'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 the 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; however, the budget ordinance authorizes the budget officer to modify the appropriations by resource or appropriation within funds.

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

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

10. Defined Benefit Cost-Sharing Plans

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

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, the expenditures made in the Town's General Fund general government department exceeded the authorized appropriations made by the governing board by \$104,378 which was due to the extensive repairs required to repair and remodel Town Hall. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in 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 the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with 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 \$238,925 and a bank balance of \$257,286. All of the bank balance was covered by federal depository insurance. At June 30, 2020, the Town's petty cash fund totaled \$90.

2. Investments

At June 30, 2020, the Town had \$1,055 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

General Fund:		
Taxes receivable	\$	-
Enterprise Fund		500
Total	\$	<u>500</u>

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 224,571	\$ -	\$ -	\$ -	\$ 224,571
Construction in progress	-	218,090	-	-	218,090
Total capital assets not being depreciated	<u>224,571</u>	<u>218,090</u>	<u>-</u>	<u>-</u>	<u>442,661</u>
Capital assets being depreciated:					
Buildings	85,407	-	-	-	85,407
Other improvements	79,102	5,731	1,800	22,801	105,834
Equipment	193,736	-	16,749	-	176,987
Vehicles	49,262	-	-	-	49,262
Infrastructure	81,207	-	-	(22,801)	58,406
Total capital assets being depreciated	<u>488,714</u>	<u>5,731</u>	<u>18,549</u>	<u>-</u>	<u>475,896</u>
Less accumulated depreciation for:					
Buildings	85,407	-	-	-	85,407
Other improvements	53,201	6,055	1,800	-	57,456
Equipment	167,549	3,825	16,749	-	154,625
Vehicles	31,380	6,502	-	-	37,882
Infrastructure	31,317	1,168	-	-	32,485
Total accumulated depreciation	<u>368,854</u>	<u>17,550</u>	<u>18,549</u>	<u>-</u>	<u>367,855</u>
Total capital assets being depreciated, net	<u>119,860</u>				<u>108,041</u>
Governmental activity capital assets, net	<u>\$ 344,431</u>				<u>\$ 550,702</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 9,468
Public safety	-
Transportation	1,145
Environmental protection	-
Cultural and recreational	6,937
Total depreciation expense	<u>\$ 17,550</u>

In fiscal year 2016, the Town, in conjunction with the Fayetteville-Cumberland Parks and Recreation Department began renovating the Town Park. The Fayetteville-Cumberland Parks and Recreation Department has committed to fund the entire project. The Town is not responsible for any expenditures. As of June 30, 2020, \$307,627 has been spent. The renovations are not complete.

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Plant and distribution systems	1,069,000	8,125	-	1,077,125
Equipment	4,657	-	4,657	-
Vehicles	-	-	-	-
Total capital assets being depreciated	<u>1,073,657</u>	<u>8,125</u>	<u>4,657</u>	<u>1,077,125</u>
Less accumulated depreciation for:				
Plant and distribution systems	732,560	15,975	-	748,535
Equipment	4,657	-	4,657	-
Vehicles	-	-	-	-
Total accumulated depreciation	<u>737,217</u>	<u>15,975</u>	<u>4,657</u>	<u>748,535</u>
Total capital assets being depreciated, net	<u>336,440</u>			<u>328,590</u>
Water Fund capital assets, net	<u>336,440</u>			<u>328,590</u>
Business-type activity capital assets, net	<u>\$ 336,440</u>			<u>\$ 328,590</u>

B. Liabilities

1. Pension Plan and Post-Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Falcon is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128

assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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 post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Falcon employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Falcon's contractually required contribution rate for the year ended June 30, 2020, was 15.37% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Falcon were \$6,407 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 \$5,735 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 asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.00021%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$6,140. 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	\$ 982	\$ -
Changes of assumptions	935	-
Net difference between projected and actual earnings on pension plan investments	140	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,841	-
Town contributions subsequent to the measurement date	6,407	-
Total	<u>\$ 16,305</u>	<u>\$ -</u>

\$6,407 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 3,993
2022	2,724
2023	2,195
2024	986
2025	-
Thereafter	-
Total	<u>\$ 9,898</u>

Actuarial Assumptions. 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	3.0 percent
Salary increases	3.5 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, 2018 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, 2019 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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 one percentage point lower (6.00 percent) or one 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)	\$ 13,117	\$ 5,735	\$ (401)

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. Other Post-Employment Benefits

Currently, the Town does not offer any other post-employment benefits.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$	6,407
Differences between expected and actual experience		982
Changes of assumptions		935
Net difference between projected and actual earnings on pension plan investments		140
Changes in proportion and differences between employer contributions and proportionate share of contributions		7,841
Total	\$	<u>16,305</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes receivable, less penalties (General Fund)	-	1,064
Difference between expected and actual experience	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
	\$ -	\$ 1,064

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage, public officials liability coverage, and employment practices liability coverage of \$2 million per occurrence, auto liability coverage and employee benefits liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to \$100,000. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and public officials liability in excess of \$1 million, property in excess of \$500,000, and \$1,000,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Because the Town is in an area of the State that has been mapped and designated a moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are insured under blanket crime coverage up to \$20,000. The finance officer is individually bonded for \$50,000.

4. Long-Term Obligations

At June 30, 2020, the Town had no long-term debt and a legal debt margin of \$1,391,147.

a. Changes in Long-Term Liabilities

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental activities:					
Net pension liability (LGERS)	3,344	24	-	3,368	-
Governmental activity long-term liabilities	<u>\$ 3,344</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 3,368</u>	<u>\$ -</u>
Business-type activities:					
Net pension liability (LGERS)	2,350	17		2,367	-
Business-type activity long-term liabilities	<u>\$ 2,350</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 2,367</u>	<u>\$ -</u>

C. Interfund Balances and Activity

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

 Due from the Water Fund to the General Fund – garbage collection fees \$ 7,558

The interfund balance resulted from the time lag between the dates that (1) transactions are recorded in the accounting system and (2) payments between funds are made.

D. 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	\$ 111,431
Less:	
Stabilization by State Statute	26,523
Streets – Powell Bill	<u>7,221</u>
Remaining fund balance	<u>\$ 77,687</u>

IV. Jointly Governed Organization

The Town, in conjunction with three counties and twenty other municipalities established the Mid-Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board.

V. Summary Disclosure of Significant Contingencies

State Assisted Program

The Town has received proceeds from a State operating grant. Periodic audits of this grant are required and certain costs may be questioned as not being appropriate expenditures under the grant agreement. Such audits could result in the refund of grant moneys to the grantor agency. 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. Prior Period Adjustment

During the fiscal year ended June 30, 2020, the Town determined that certain unrestricted intergovernmental revenues which were subject to accrual in the General Fund as of June 30, 2019, on a modified accrual basis of accounting, had been incorrectly reported. Therefore, an adjustment to beginning fund balance has been

recorded to account for those accruals, the net effect of which increased beginning fund balance by \$ 17,362. This adjustment also resulted in an increase in beginning net assets of the Governmental Activities of \$17,362.

VII. Subsequent events

Subsequent events have been evaluated through December 21, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of Falcon's proportion of the net pension liability (asset) (%)	0.00021%	0.00024%	0.00026%	0.00029%	0.00035%	0.00039%	0.00040%
Town of Falcon's proportion of the net pension liability (asset) (\$)	\$ 5,735	\$ 5,694	\$ 3,972	\$ 6,155	\$ 1,571	\$ (2,300)	\$ 4,822
Town of Falcon's covered-employee payroll	\$ 39,317	\$ 38,944	\$ 38,643	\$ 36,497	\$ 35,904	\$ 34,143	\$ 33,030
Town of Falcon's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.59%	14.62%	10.28%	16.86%	4.38%	(6.74%)	14.60%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,407	\$ 5,571	\$ 5,421	\$ 5,282	\$ 4,777	\$ 4,843	\$ 4,606
Contributions in relation to the contractually required contribution	<u>6,407</u>	<u>5,571</u>	<u>5,421</u>	<u>5,282</u>	<u>4,777</u>	<u>4,843</u>	<u>4,606</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Falcon's covered employee payroll	\$41,683	\$ 39,317	\$ 38,944	\$ 38,643	\$ 36,497	\$ 35,904	\$ 34,143
Contributions as a percentage of covered employee payroll	15.37%	14.17%	13.92%	13.67%	13.09%	13.49%	13.49%

Individual Fund Financial Statements and Schedules

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 25,912	\$ -
Penalties and interest	-	81	-
Total	<u>27,770</u>	<u>25,993</u>	<u>(1,777)</u>
Other taxes and licenses:			
Cable franchise fees	-	-	-
Unrestricted intergovernmental:			
Local option sales taxes	-	86,736	-
Telecommunications sales tax	-	1,703	-
Utility franchise tax	-	14,634	-
Piped natural gas tax	-	1,835	-
Video programming sales tax	-	2,370	-
Beer and wine tax	-	1,677	-
Gasoline tax	-	-	-
Total	<u>94,400</u>	<u>108,955</u>	<u>14,555</u>
Restricted intergovernmental:			
Powell Bill allocation	-	11,492	-
Solid waste disposal tax	-	287	-
Total	<u>11,200</u>	<u>11,779</u>	<u>579</u>
Sales and services:			
Garbage collection fees	<u>7,300</u>	<u>7,558</u>	<u>258</u>
Investment earnings	<u>250</u>	<u>1,638</u>	<u>1,388</u>
Miscellaneous			
Miscellaneous	-	1,234	-
Insurance Claim	-	94,882	-
	<u>99,200</u>	<u>96,116</u>	<u>(3,084)</u>
Total revenues	<u>240,120</u>	<u>252,039</u>	<u>11,919</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	-	4,448	-
Professional services	-	7,800	-
Utilities	-	6,751	-
Repairs and maintenance	-	7,163	-
Supplies	-	2,435	-
Dues and subscriptions	-	6,779	-
Insurance and bonds	-	5,541	-
Other operating expenditures	-	20,858	-
Fundraising expense	-	-	-
Capital outlay	-	196,125	-
Total	<u>146,580</u>	<u>257,900</u>	<u>(111,320)</u>

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

	Budget	Actual	Variance Positive (Negative)
Administration/Finance:			
Salaries and employee benefits	39,400	32,026	7,374
Taxes:			
Collection fees	-	432	(432)
Total general government	185,980	290,358	(104,378)
Public safety:			
Fire:			
Contracted services	18,850	18,195	655
Transportation:			
Streets:			
Salaries and employee benefits	-	1,594	-
Street lights	-	10,982	-
Repairs and maintenance	-	4,179	-
Supplies	-	2,610	-
Contracted services	-	14,100	-
Other operating expenditures	-	-	-
Capital outlay	-	-	-
Total transportation	35,500	33,465	2,035
Cultural and recreational:			
Parks and recreation:			
Utilities	-	2,125	-
Repairs and maintenance	-	150	-
Supplies	-	-	-
Other operating expenditures	-	-	-
Capital outlay	-	27,696	-
Total cultural and recreational	31,396	29,971	1,425
Total expenditures	271,726	371,989	(100,263)
Revenues over (under) expenditures	(31,606)	(119,950)	(88,344)
Other financing sources (uses):			
Transfers to other funds:			
Enterprise Fund	-	-	-
Local Capital Contributions (Fayetteville-Cumberland Parks & Recreation)	27,696	27,696	-
Total other financing sources (uses)	27,696	27,696	-
Fund balance appropriated	3,910	-	(3,910)
Net change in fund balance	\$ -	(92,254)	\$ (92,254)

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

	Budget	Actual	Variance Positive (Negative)
Fund balance:			
Beginning of year		186,323	
Prior year adjustment		17,362	
Beginning of year as adjusted		203,685	
End of year		\$ 111,431	

Town of Falcon, North Carolina
Water Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Net Position - Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water sales	\$ 145,000	\$ 149,895	\$ 4,895
Water taps	2,000	2,144	144
Other operating revenues	10,700	7,753	(2,947)
Total operating revenues	<u>157,700</u>	<u>159,792</u>	<u>2,092</u>
Non-operating revenues:			
Interest earnings	100	1,873	1,773
Total revenues	<u>157,800</u>	<u>161,665</u>	<u>3,865</u>
Expenditures:			
Water administration and finance:			
Salaries and employee benefits	-	23,324	-
Postage	-	1,578	-
Supplies	-	512	-
Travel	-	4,319	-
Other operating expenditures	-	829	-
Total water administration and finance	<u>49,825</u>	<u>30,562</u>	<u>19,263</u>
Water treatment and distribution:			
Salaries and employee benefits	-	8,545	-
Utilities	-	1,776	-
Water purchased for resale	-	61,829	-
Repairs and maintenance	-	14,238	-
Supplies	-	2,068	-
Contracted services	-	10,600	-
Other operating expenditures	-	4,924	-
Total water treatment and distribution	<u>126,850</u>	<u>103,980</u>	<u>22,870</u>
Capital outlay	-	8,125	(8,125)
Total expenditures	<u>176,675</u>	<u>142,667</u>	<u>34,008</u>
Revenues over (under) expenditures	<u>(18,875)</u>	<u>18,998</u>	<u>37,873</u>
Other financing sources (uses):			
Transfer to other funds:			
General Fund	-	-	-
Transfer from other funds:			
General Fund	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net assets appropriated	<u>18,875</u>	<u>-</u>	<u>(18,875)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>18,998</u>	<u>\$ 18,998</u>

Town of Falcon, North Carolina
Water Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Net Position - Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		8,125	
(Increase) decrease in net pension liability		(17)	
(Increase) decrease in deferred inflows of resources - pensions		12	
Increase (decrease) in deferred outflows of resources - pensions		116	
Depreciation		(15,975)	
Total reconciling items		(7,739)	
Change in net position		\$ 11,259	

Other Schedules

This section contains additional information on property taxes.

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

Town of Falcon, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 26,115	\$ 25,309	\$ 806
2018-2019	556	-	498	58
2017-2018	29	-	12	17
Prior	202	-	19	183
	<u>\$ 787</u>	<u>\$ 26,115</u>	<u>\$ 25,838</u>	<u>1,064</u>

Less: allowance for uncollectible accounts
General Fund

-

Ad valorem taxes receivable - net

\$ 1,064

Reconcilement with revenues:

Ad valorem taxes - General Fund

\$ 25,993

Reconciling items:

Interest collected

(216)

Taxes written off

61

Subtotal

(155)

Total collections and credits

\$ 25,838

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

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy	\$ 17,389,333	\$0.15	\$ 26,084	\$ 22,999
Penalties	-		31	31	-
Total	17,389,333		26,115	23,030	3,085
Discoveries	-	0.15	\$ -	-	-
Penalties	-		-	-	-
Total	-		-	-	-
Releases	-	0.15	\$ -	-	-
Penalties	-		-	-	-
Total	-		-	-	-
Total property valuation	\$ 17,389,333				
Net levy			26,115	23,030	3,085
Unpaid (by taxpayer) taxes at June 30, 2020			(806)	(792)	(14)
Current year's taxes collected			\$ 25,309	\$ 22,238	\$ 3,071
Current levy collection percentage			96.91%	96.56%	99.55%