

**Town of Wallburg
Wallburg, North Carolina
For the year ended
June 30, 2020**

**Independent Auditor's Reports
Basic Financial Statements
And
Information Accompanying the
Basic Financial Statements**

Governance

Mayor

Allen Todd

Council

Zane Hedgecock

Lynn Reece

Steve Yokeley

Mark Swaim

Cindy Johnson

**Town of Wallburg
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June 30, 2020**

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EDDIE CARRICK, CPA, PC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Wallburg
Wallburg, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Wallburg, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Wallburg, North Carolina, as of June 30, 2020, and the respective changes in financial position, cash flows, where appropriate, thereof, and the respective budgetary comparison of 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 on pages 3 through 9, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wallburg, North Carolina's basic financial statements. The individual fund 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 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 my opinion, based on my audit, the individual fund statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2020, on my consideration of the Town of Wallburg, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 the Town of Wallburg, North Carolina's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note IV to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.



Eddie Carrick, CPA
Lexington, North Carolina
September 30, 2020

TOWN OF WALLBURG

NORTH CAROLINA

Town of Wallburg Management's Discussion and Analysis

As management of the Town of Wallburg, we offer readers of the Town of Wallburg's financial statements this narrative overview and analysis of the financial activities of the Town of Wallburg 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 of the Town of Wallburg exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$7,233,474 (*net position*).
- The government's total net position increased by \$700,474, primarily due to increases in the governmental type activities net position.
- As of the close of the current fiscal year, the Town of Wallburg's governmental funds reported combined ending fund balances of \$3,671,400 with a net change of \$(97,087) in fund balance. Approximately 21 percent of this total amount, or \$810,650, is non-spendable, restricted or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,860,750, or 525 percent of the total general fund expenditures for the fiscal year.

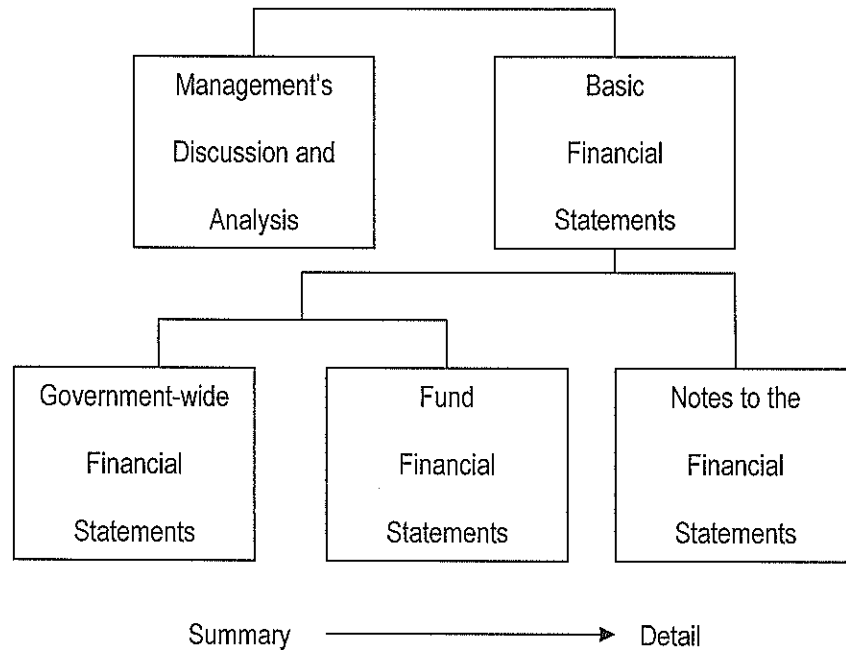
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Wallburg'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 Wallburg.

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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 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison 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 summarized into one category: 1) governmental activities. The governmental activities include most of the Town's basic services such as general administration. Property and sales taxes finance most of these activities.

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 Wallburg, 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 of Wallburg can be summarized into one category: governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. 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 of Wallburg 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.

Management Discussion and Analysis
Town of Wallburg

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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

Government-Wide Financial Analysis

Town of Wallburg's Net Position
Figure 2

	Governmental Activities	
	(Total)	
	2020	2019
Current and other assets	\$ 3,679,132	\$ 3,778,120
Capital assets	3,554,342	2,755,818
Total assets	<u>7,233,474</u>	<u>6,533,938</u>
Long-term liabilities	-	-
Other liabilities	-	937
Total liabilities	<u>-</u>	<u>937</u>
Deferred inflows of resources	-	-
None	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in		
capital assets	3,554,342	2,755,818
Restricted	152,792	155,582
Unrestricted	3,526,340	3,621,600
Total net position	<u>\$ 7,233,474</u>	<u>\$ 6,533,000</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Wallburg exceeded liabilities and deferred inflows by \$7,233,474 as of June 30, 2020. The Town's net position increased by \$700,474 for the fiscal year ended June 30, 2020. However, a large portion (49%) reflects the Town's net investment in capital assets (including land). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Wallburg'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, \$152,792, represents resources that are subject to external restrictions on how they may be used. The balance of \$3,526,340 is unrestricted.

Management Discussion and Analysis
Town of Wallburg

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

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 98%, which exceeds the statewide average.
- Conservative approach to spending

Town of Wallburg's Changes in Net Position
Figure 3

	Governmental Activities (Totals)	
	<u>2020</u>	<u>2019</u>
Revenues:		
General revenues:		
Property taxes	\$ 141,844	\$ 141,467
Other taxes	891,884	861,297
Investment earnings and other income	17,064	7,096
Capital grants	244,902	-
Total revenues	<u>1,295,694</u>	<u>1,009,860</u>
Expenses:		
General government	290,408	240,962
Safety	63,531	63,936
Environmental protection	191,281	190,525
Revitalization	-	17,733
Economic development	50,000	55,000
Total expenses	<u>595,220</u>	<u>568,156</u>
Increase in net position	700,474	441,704
Net position, July 1	<u>6,533,000</u>	<u>6,091,296</u>
Net position, June 30	<u>\$ 7,233,474</u>	<u>\$ 6,533,000</u>

Governmental activities. Governmental activities increased the Town's net position by \$700,474, thereby accounting for 100% of the total increase in net position of the Town. The increase in net position was the result of a concerted effort to control costs and manage expenditures. Management believes healthy investment in the Town will result in additional revenues, and in that vein added to the Town's net position by investing in capital assets. Increased efforts to maximize tax collections also contributed to the favorable net position. Tax revenue did not appreciably decline in the current year. Town management acknowledges that 2020 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Management Discussion and Analysis
Town of Wallburg

Key elements of this increase are as follows:

- The Town has completed a community park project
- The Town is renovating an historical structure for future purposes

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Wallburg'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 Wallburg's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Wallburg. At the end of the current fiscal year, the Town of Wallburg's fund balance available in the General Fund was \$2,860,750, while total fund balance reached \$3,013,542. The Town currently has an available fund balance of 525% of general fund expenditures, while total fund balance represents 550% of the same amount.

At June 30, 2020, the governmental funds of Town of Wallburg reported a combined fund balance of \$3,671,400 with a net decrease in fund balance of \$97,087. Included in this change in fund balance is an increase in fund balances in the Capital Fund and a decrease in the General Fund.

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.

- There were no amendments to the original budget.

Capital Asset and Debt Administration

Capital Assets. The Town of Wallburg's investment in capital assets for its governmental activities as of June 30, 2020, totals \$3,554,342. These assets include land, improvements, building and equipment.

Major capital asset transactions during the year included the following additions:

Historical structure	\$ 36,471
Park improvements	848,464

Management Discussion and Analysis
Town of Wallburg

Town of Wallburg's Capital Assets (Figure 4)

	<i>Governmental</i>			
	<i>Activities</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Land and non-depreciable assets	\$ 308,132	\$ 1,058,713	\$ 308,132	\$ 1,058,713
Building and equipment	3,246,210	1,697,105	3,246,210	1,697,105
Total	\$ 3,554,342	\$ 2,755,818	\$ 3,554,342	\$ 2,755,818

Town of Wallburg's Outstanding Debt

As of June 30, 2020, the Town had no outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Wallburg is \$22,547,520. The Town has no authorized but un-issued bonds at June 30, 2020.

Economic Factors and Next Year's Budgets and Rates

The Town of Wallburg is mostly residential with no significant business activity; therefore, economic factors do not have a critical impact on the growth and prosperity of the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Property taxes and sales taxes are expected to remain fairly constant compared with the 2020-21 fiscal year due to continued strengthening economic conditions.

Normal budgeted expenditures in the General Fund are expected to remain relatively constant. The Town has completed the process of developing the property behind Town Hall as a community park. A grant has been received during the 2019-20 fiscal year. Future capital spending will be directed toward the Wall Historical structure.

The Town has chosen not to appropriate fund balance in the fiscal year 2021 budget. Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$27,679 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Town Clerk, Town of Wallburg at P.O. Box 607 Wallburg, NC 27373.

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

	Governmental Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,518,608	\$ 3,518,608
Taxes receivable (net)	7,732	7,732
Prepays	-	-
Due from other governments	152,792	152,792
Total current assets	3,679,132	3,679,132
Capital assets:		
Land and other non-depreciable assets	308,132	308,132
Buildings and equipment	3,246,210	3,246,210
	3,554,342	3,554,342
Total assets	7,233,474	7,233,474
LIABILITIES		
Current liabilities:		
Accounts payable	-	-
Total liabilities	-	-
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	-	-
Total deferred inflows of resources	-	-
NET POSITION		
Net investment in capital assets	3,554,342	3,554,342
Restricted for:		
Stabilization by State Statute	152,792	152,792
Unrestricted	3,526,340	3,526,340
Total net position	\$ 7,233,474	\$ 7,233,474

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

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

Function / Program	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
				Governmental Activities	Total
Governmental activities:					
General government	\$ 290,408	\$ -	\$ -	\$ (290,408)	\$ (290,408)
Safety	63,531	-	-	(63,531)	(63,531)
Environmental protection	191,281	-	-	(191,281)	(191,281)
Revitalization	-	-	-	-	-
Economic development	50,000	-	244,902	194,902	194,902
Total governmental activities	595,220	-	244,902	(350,318)	(350,318)
General revenues:					
Taxes:					
Property taxes levied for general purposes				141,844	141,844
Other taxes				891,884	891,884
Investment earnings				4,299	4,299
Miscellaneous				12,765	12,765
Total general government revenues				1,050,792	1,050,792
Change in net position				700,474	700,474
Net position , beginning				6,533,000	6,533,000
Net position, ending				\$ 7,233,474	\$ 7,233,474

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

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

	Major Funds			Total Governmental Funds
	General	Capital Projects		
		Park	Capital	
Assets				
Cash and cash equivalents	\$ 2,860,750	\$ -	\$ 657,858	\$ 3,518,608
Receivables, net:				
Taxes	7,732	-	-	7,732
Prepays	-	-	-	-
Due from other governments	152,792	-	-	152,792
Total assets	<u>\$ 3,021,275</u>	<u>\$ -</u>	<u>\$ 657,858</u>	<u>\$ 3,679,132</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes receivable	7,732	-	-	7,732
Total deferred inflows of resources	<u>7,732</u>	<u>-</u>	<u>-</u>	<u>7,732</u>
Fund balances:				
Nonspendable				
Prepays	-	-	-	-
Restricted:				
Stabilization by State Statute	152,792	-	-	152,792
Assigned for:				
Capital improvements	-	-	657,858	657,858
Unassigned, General Fund	2,860,750	-	-	2,860,750
Total fund balances	<u>3,013,542</u>	<u>-</u>	<u>657,858</u>	<u>3,671,400</u>
Total liabilities and fund balances	<u>\$ 3,021,275</u>	<u>\$ -</u>	<u>\$ 657,858</u>	

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

Fixed assets	3,966,815
Less, accumulated depreciation	(412,473)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	<u>7,732</u>
Net position of governmental activities	<u>\$ 7,233,474</u>

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

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

	Major Funds			Total Governmental Funds
	General	Capital Projects		
		Parks	Capital	
Revenues				
Ad valorem taxes	\$ 142,808	\$ -	\$ -	\$ 142,808
Restricted intergovernmental	-	244,902	-	244,902
Unrestricted intergovernmental	891,884	-	-	891,884
Investment earnings	556	-	3,742	4,299
Miscellaneous	12,764	-	-	12,764
Total revenues	<u>1,048,013</u>	<u>244,902</u>	<u>3,742</u>	<u>1,296,657</u>
Expenditures				
General government	240,468	848,464	-	1,088,932
Safety	63,531	-	-	63,531
Environmental protection	191,281	-	-	191,281
Revitalization	-	-	-	-
Economic development	50,000	-	-	50,000
Total expenditures	<u>545,280</u>	<u>848,464</u>	<u>-</u>	<u>1,393,744</u>
Excess (deficiency of revenues over expenditures)	<u>502,733</u>	<u>(603,562)</u>	<u>3,742</u>	<u>(97,087)</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>(603,562)</u>	<u>603,562</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(603,562)</u>	<u>603,562</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(100,829)	-	3,742	(97,087)
Fund balance, beginning	<u>3,114,371</u>	<u>-</u>	<u>654,116</u>	<u>3,768,487</u>
Fund balance, ending	<u>\$ 3,013,542</u>	<u>\$ -</u>	<u>\$ 657,858</u>	<u>\$ 3,671,400</u>

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

Town of Wallburg, 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 statement of activities are different because:

Net changes in fund balances - total governmental funds		\$	(97,086)
<p style="margin-left: 40px;">Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>			
Capital outlay		\$ 890,806	
Depreciation		<u>(92,282)</u>	798,524
<p style="margin-left: 40px;">Changes in liabilities for earned revenues considered deferred inflows of resources in fund statements</p>			
			<u>(964)</u>
Total changes in net position of governmental activities		\$	<u><u>700,474</u></u>

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

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

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 132,000	\$ 132,000	\$ 142,808	\$ 10,808
Restricted intergovernmental	-	-	-	-
Unrestricted intergovernmental	833,000	833,000	891,884	58,884
Investment earnings	-	-	556	556
Miscellaneous	4,680	4,680	12,764	8,084
Total revenues	<u>969,680</u>	<u>969,680</u>	<u>1,048,013</u>	<u>78,333</u>
Expenditures				
Current				
General government	363,050	363,050	240,468	122,582
Safety	65,000	65,000	63,531	1,469
Environmental protection	200,000	200,000	191,281	8,719
Revitalization	75,000	75,000	-	75,000
Economic development	60,000	60,000	50,000	10,000
Total expenditures	<u>763,050</u>	<u>763,050</u>	<u>545,280</u>	<u>217,770</u>
Revenues over (under) expenditures	<u>206,630</u>	<u>206,630</u>	<u>502,733</u>	<u>296,103</u>
Other financing sources (uses):				
Appropriated fund balance	600,000	600,000	-	(244,450)
Transfers from other funds	-	-	-	-
Transfers to other funds	(806,630)	(806,630)	(603,562)	(203,068)
Total other financing sources (uses)	<u>(206,630)</u>	<u>(206,630)</u>	<u>(603,562)</u>	<u>(447,518)</u>
Net Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(100,829)</u>	<u>\$ (151,416)</u>
Fund balance, beginning			<u>3,114,371</u>	
Fund balance, ending			<u>\$ 3,013,542</u>	

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

Town of Wallburg, North Carolina

NOTES TO THE FINANCIAL STATEMENTS
As of or For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town of Wallburg is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town, a single entity with no other legally separate entities for which the Town is financially accountable.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display the information about the primary government. These statements include the activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational and 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 fund. A separate statement for each fund category – governmental – is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The Town of Wallburg, North Carolina has two funds, the general fund and capital fund, and are presented as a major funds.

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 and various other taxes and licenses. The primary expenditures are for general government administration.

Notes to the Financial Statements (continued)

Capital Fund. The Capital Fund accounts for all the funds and expenditures related to the purchase of major equipment.

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements: The government-wide is reported using the economic resources measurement focus. The government-wide financial statement is reported using the accrual basis of accounting. Revenues are recorded when earned and expenses 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, includes property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues.

Notes to the Financial Statements (continued)

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 Capital Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared for 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 object level for the 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, no 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 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 amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value. The Town does not have a formal investment or credit risk policy.

2. Cash and Cash Equivalents

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

3. 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 and other motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. 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.

Notes to the Financial Statements (continued)

4. 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.

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings and improvements, infrastructure, furniture and equipment, and vehicles, \$5,000. Constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

6. 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 no item that meets this criterion. 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 only one item that meet the criterion for this category - property taxes receivable.

7. 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:

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

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 - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Notes to the Financial Statements (continued)

7. Net Position/Fund Balances (continued)

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Wallburg's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

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

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

The Town of Wallburg 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.

II. Stewardship, Compliance, and Accountability

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

There were no instances of non-compliance noted in the current year.

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 these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in 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.

Notes to the Financial Statements (continued)

1. Deposits (continued)

At June 30, 2020, the Town's deposits had a carrying amount of \$3,518,608 and a bank balance of \$3,534,427. Of the bank balance, \$499,430 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. 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 is net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ -
Total	\$ -

3. Capital Assets

Capital assets activity for the year is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated				
Construction in progress	\$ 750,581	\$ 848,464	\$ (1,599,045)	\$ -
Land	308,132	-	-	308,132
Capital assets not being depreciated	<u>1,058,713</u>	<u>848,464</u>	<u>(1,599,045)</u>	<u>308,132</u>
Capital assets being depreciated				
Building and equipment	<u>2,017,296</u>	<u>1,641,387</u>	<u>-</u>	<u>3,658,683</u>
Less, accumulated depreciation on:				
Building and equipment	<u>320,191</u>	<u>92,282</u>	<u>-</u>	<u>412,473</u>
Capital assets being depreciated, net	<u>1,697,105</u>	<u>-</u>	<u>-</u>	<u>3,246,210</u>
Governmental activiy capital assets, net	<u><u>\$ 2,755,818</u></u>	<u><u>\$ 848,464</u></u>	<u><u>\$ (1,599,045)</u></u>	<u><u>\$ 3,554,342</u></u>

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

General government	<u>\$ 92,282</u>
Total depreciation expense	<u><u>\$ 92,282</u></u>

Notes to the Financial Statements (continued)

B. Liabilities

1. Deferred Outflows and Inflows of Resources:

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

	Unavailable Revenue	Unearned Revenue
Taxes receivable	\$ 7,732	\$ -
Taxes collected for subsequent year	-	-
	<u>\$ 7,732</u>	<u>\$ -</u>

2. Debt

The Town had no debt at June 30, 2020.

At June 30, 2020, the Town of Wallburg had bonds authorized but un-issued of \$0- and a legal debt margin of \$22,547,520.

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$1 million per occurrence, public officials and employment practices liability up to \$1 million per occurrence, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability in excess of \$500,000, up to \$500,000 for property, and \$250,000 up to \$5 million for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit of \$3 million for the aggregate losses in a single year. After the property pool has paid out \$1million, then the pool will be liable for a \$10,000 per claim maintenance deductible on future property losses for that year. The remainder of each claim will be borne by the re-insurer.

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

The Town does not have property eligible for flood insurance.

4. Transfers

There were the following transfers during the year ended June 30, 2020.

General Fund to the Capital Fund	\$603,562
----------------------------------	-----------

The transfer was for park capital improvements.

Notes to the Financial Statements (continued)

C. Net Investment in Capital Assets

	Governmental
Capital Assets	\$ 3,554,342
less: long-term debt	-
add: unexpended debt proceeds	-
Net investment in capital assets	<u>\$ 3,554,342</u>

D. Fund Balance

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

<u>Total fund balance - General Fund</u>	<u>\$ 3,671,400</u>
Less:	
Stabilization by State Statute	152,792
Assigned for capital improvements	657,858
<u>Appropriated Fund Balance in 2021 budget</u>	<u>-</u>
Remaining Fund Balance	<u>\$ 2,860,750</u>

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

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$0	

IV. Significant Effects of Subsequent Events

Subsequent events occurring after the statement of financial position date have been evaluated through September 30, 2020, which is the date the financial statements were available to be issued.

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Town and its ability to carry out its activities which could impact its financial results.

**Town of Wallburg, North Carolina
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020**

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual Year Ended June 30, 2019</u>
Revenues				
Ad valorem taxes:				
Taxes		\$ 142,808		\$ 140,634
Total	\$ 132,000	142,808	\$ 10,808	140,634
Restricted intergovernmental:				
Grants	-	-	-	-
Unrestricted intergovernmental:				
Local option sales taxes		816,165		769,810
ABC distributions		12,789		13,572
Solid waste taxes		2,409		2,197
Utility franchise tax		73,309		75,719
Total	833,000	904,673	71,673	861,297
Miscellaneous:				
Interest earned		556		380
Other		(24)		2,185
Total	4,680	532	(4,148)	2,564
Total revenues	969,680	1,048,013	78,333	1,004,495
Expenditures:				
General Government:				
Salaries and employee benefits		49,957		48,781
Professional services		25,045		25,377
Maintenance		74,831		59,905
Other operating expenditures		48,293		56,092
Capital outlay		42,342		36,469
Total general government	363,050	240,468	122,582	226,624
Safety	65,000	63,531	1,469	63,936
Environmental protection				
Garbage collection	200,000	191,281	8,719	190,525
Revitalization	75,000	-	75,000	17,733
Economic development	60,000	50,000	10,000	55,000
Total expenditures	763,050	545,280	217,770	553,818
Revenues over (under) expenditures	206,630	502,733	296,103	450,677
Other financing sources (uses):				
Appropriated fund balance	600,000	-	-	-
Transfers to other funds:				
Capital Project Fund	(806,630)	(603,562)		(89,791)
Total	(206,630)	(603,562)	(396,932)	(89,791)
Net Change in fund balance	\$ -	(100,829)	\$ (100,829)	360,885
Fund balance, beginning		3,114,371		2,753,486
Fund balance, ending		<u>\$ 3,013,542</u>		<u>\$ 3,114,371</u>

Town of Walburg, North Carolina
Capital Projects Fund - Park Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From inception and for the fiscal year ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Restricted intergovernmental:					
PARTF Grant	\$ 244,902	\$ -	\$ 244,902	\$ 244,902	\$ -
Investment earnings	-	-	-	-	-
Total revenues	<u>244,902</u>	<u>-</u>	<u>244,902</u>	<u>244,902</u>	<u>-</u>
Expenditures:					
Construction	<u>1,810,427</u>	<u>750,581</u>	<u>848,464</u>	<u>1,599,045</u>	<u>211,382</u>
Total expenditures	<u>1,810,427</u>	<u>750,581</u>	<u>848,464</u>	<u>1,599,045</u>	<u>211,382</u>
Revenues over expenditures	<u>(1,565,525)</u>	<u>(750,581)</u>	<u>(603,562)</u>	<u>(1,354,143)</u>	<u>211,382</u>
Other financing sources (uses):					
Transfer from (to) operating fund	<u>1,565,525</u>	<u>750,581</u>	<u>603,562</u>	<u>1,354,143</u>	<u>(211,382)</u>
Total other financing sources	<u>1,565,525</u>	<u>750,581</u>	<u>603,562</u>	<u>1,354,143</u>	<u>(211,382)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning			-		
Fund Balance, ending			<u>\$ -</u>		

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment earnings			\$ 3,742	
Total revenues	\$ 1,000	\$ 1,000	3,742	\$ 2,742
Expenditures:				
Total expenditures	1,000	1,000	-	1,000
Revenues over (under) expenditures	-	-	3,742	3,742
Other financing sources (uses):				
Transfers from (to) other funds:				
General Fund	-	-	-	-
Total	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,742	<u>\$ 3,742</u>
Fund balance, beginning			<u>654,116</u>	
Fund balance, ending			<u>\$ 657,858</u>	

Town of Wallburg, North Carolina
Schedule of Changes in Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2020	\$ -	\$ 145,337	\$ 140,228	\$ 2,529
2019	2,675	-	1,134	1,541
2018	1,529	-	771	758
2017	855	-	459	396
2016	690	-	237	453
2015	512	-	202	310
2014	560	-	216	344
2013	487	-	149	338
2012	277	-	70	207
2011	189	922	255	856
2010	922	-	922	-
	<u>\$ 8,696</u>	<u>\$ 146,259</u>	<u>\$ 144,643</u>	<u>7,732</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 7,732</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 142,808
Reconciling items:				
Releases				<u>1,835</u>
Subtotal				<u>1,835</u>
Total collections and credits				<u>\$ 144,643</u>

Town of Wallburg, 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:					
Property taxed at current years rate	\$ 275,948,000	0.05	\$ 137,974	\$ 124,056	\$ 13,918
Total	275,948,000		137,974	124,056	13,918
Discoveries:					
Current year taxes	9,566,000	0.05	4,783	4,783	-
Total	9,566,000		4,783	4,783	-
Abatements	(3,670,000)	0.05	(1,835)	(1,835)	-
Total property valuation	\$ 281,844,000				
Net Levy			140,922	127,004	13,918
Uncollected taxes at June 30, 2020			(2,529)	(2,529)	-
Current year's taxes collected			\$ 138,393	\$ 124,475	\$ 13,918
Current levy collection percentage			98.21%	98.01%	100.00%

EDDIE CARRICK, CPA, PC
Certified Public Accountant

**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
Town of Wallburg, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Wallburg, 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 Wallburg's basic financial statements, and have issued my report thereon dated September 30, 2020

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Wallburg's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Wallburg's internal control. Accordingly, I 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 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. I did not identify deficiencies in internal control that I consider to be material weaknesses.

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. I did not identify items that I considered significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wallburg's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 the accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eddie Carrick, CPA

A handwritten signature in black ink, appearing to read "E. Carrick, CPA". The signature is written in a cursive, flowing style.

Lexington, North Carolina
September 30, 2020