

**TOWN OF EDENTON,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

MAYOR

Jimmy Stalling

COMMISSIONERS

Elton Bond, Jr (Mayor Pro Tem)

Samuel Dixon

Craig Miller

Roscoe Poole, Jr

Roger Coleman

Hackney High, Jr

TOWN MANAGER

Corey Gooden

FINANCE OFFICER

Virginia Smith

**Town of Edenton
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June 30, 2021**

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FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Mayor
and Town Council
Edenton, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Edenton, North Carolina, as of June 30, 2021 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of the Town of Edenton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edenton's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

December 1, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Financial Highlights

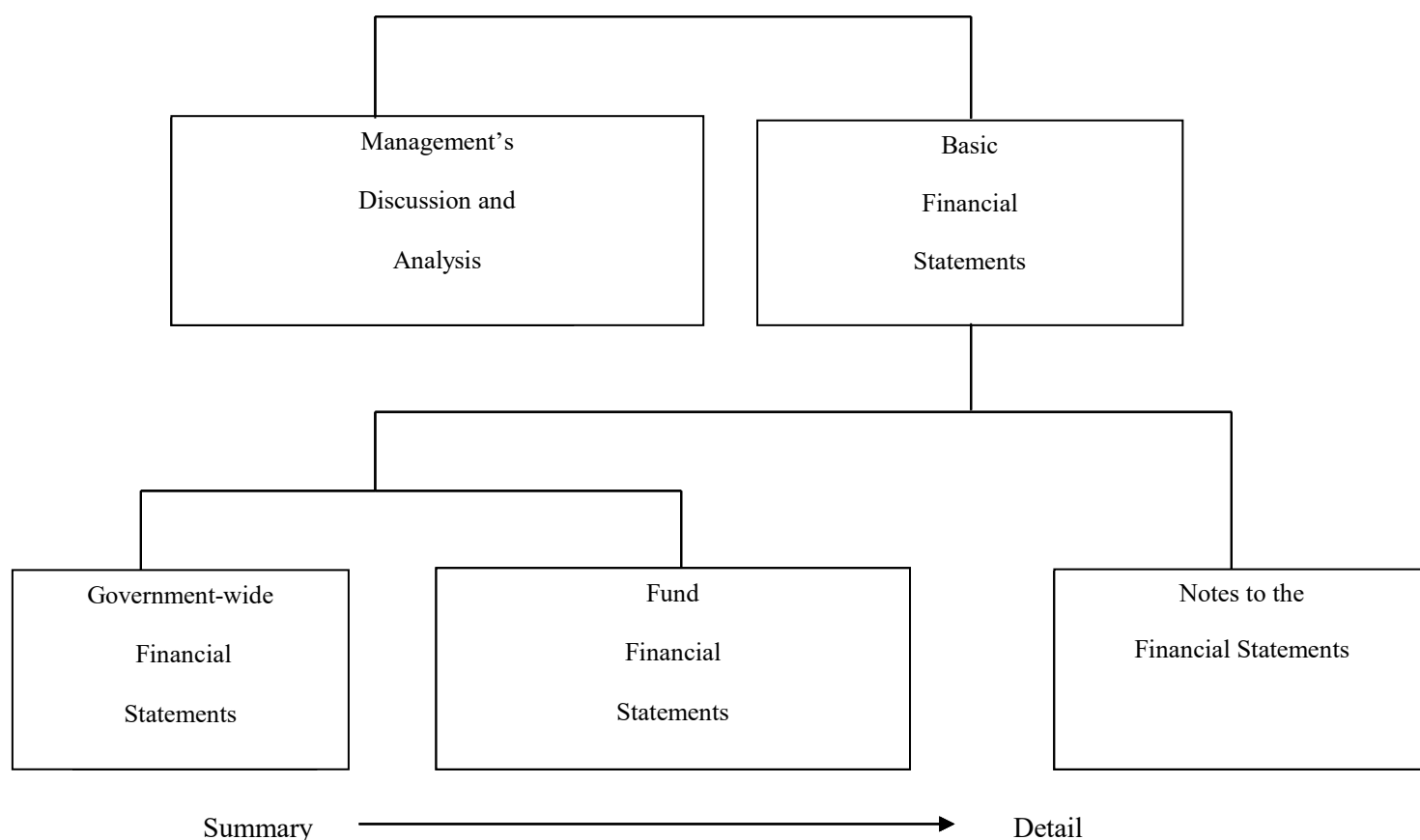
- The assets and deferred outflows of resources of the Town of Edenton exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20,521,100 (net position).
- The government's total net position increased by \$803,495, primarily due to increased net position in business-type activities.
- As of the close of the current fiscal year, the Town of Edenton's governmental funds reported combined ending fund balances of \$4,055,764, after a net increase in fund balance of \$577,603. Approximately 21% of this total amount, or \$840,950, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,003,552 or 57% of total General Fund expenditures and transfers to other funds for the fiscal year.
- The Town of Edenton's total debt increased by \$1,495,792 during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3-8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the government fund statements; 2) the budgetary comparison statements; and 3) the proprietary governmental funds statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's major and non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

The Town of Edenton's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 4,061,827	\$ 3,561,895	\$ 3,771,603	\$ 3,496,789	\$ 7,833,430	\$ 7,058,684
Capital assets	6,801,482	6,740,154	17,438,630	15,519,640	24,240,112	22,259,794
Total assets	10,863,309	10,302,049	21,210,233	19,016,429	32,073,542	29,318,478
Deferred outflows of resources	1,058,908	660,509	414,858	275,384	1,473,766	935,893
Current liabilities	544,021	432,321	1,268,225	1,201,140	1,812,246	1,633,461
Long-term liabilities	5,977,912	4,617,335	5,032,222	4,055,537	11,010,134	8,672,872
Total liabilities	6,521,933	5,049,656	6,300,447	5,256,677	12,822,380	10,306,333
Deferred inflows of resources	143,542	158,797	60,286	71,636	203,828	230,433
Net Position:						
Net investment						
in capital assets	3,417,736	4,139,471	13,433,392	12,227,131	16,851,128	16,366,602
Transportation	15,542	29,402	-	-	15,542	29,402
Stabilization by State Statute	803,944	815,515	-	-	803,944	815,515
Unrestricted	1,019,520	769,717	1,830,966	1,736,369	2,850,486	2,506,086
Total net position	\$ 5,256,742	\$ 5,754,105	\$ 15,264,358	\$ 13,963,500	\$ 20,521,100	\$ 19,717,605

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. For the Town of Edenton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,521,100 as of June 30, 2021. The Town's net position increased by \$803,495 in the same period. One of the largest portions \$16,851,128 (82%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Edenton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Edenton's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town of Edenton's net position \$819,486 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,850,486 (14%) is unrestricted.

Several 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 99.03%.

The Town of Edenton
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for Services	\$ 1,688,554	\$ 1,979,924	\$ 14,490,638	\$ 14,088,796	\$ 16,179,192	\$ 16,068,720
Operating grants and contributions	125,050	336,525	1,403,558	513,397	1,528,608	849,922
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	2,319,640	1,959,117	-	-	2,319,640	1,959,117
Other taxes	2,378,696	1,558,015	-	-	2,378,696	1,558,015
Other	43,315	78,903	221,105	110,555	264,420	189,458
Total revenues	6,555,255	5,912,484	16,115,301	14,712,748	22,670,556	20,625,232
Expenses:						
General government	1,100,220	956,903	-	-	1,100,220	956,903
Public Safety	2,760,759	2,539,539	-	-	2,760,759	2,539,539
Transportation	1,152,955	901,700	-	-	1,152,955	901,700
Environmental protection	1,165,858	1,256,748	-	-	1,165,858	1,256,748
Economic and physical development	1,094,616	16,353	-	-	1,094,616	16,353
Cultural and recreation	12,428	18,330	-	-	12,428	18,330
Interest on long-term debt	80,000	58,641	-	-	80,000	58,641
Airport	-	-	459,211	479,733	459,211	479,733
Water and sewer	-	-	2,781,429	2,128,896	2,781,429	2,128,896
Electric	-	-	11,259,585	11,382,696	11,259,585	11,382,696
Total expenses	7,366,836	5,748,214	14,500,225	13,991,325	21,867,061	19,739,539
Increase (decrease) in net position before transfers and special items	(811,581)	164,270	1,615,076	721,423	803,495	885,693
Transfers	314,218	295,000	(314,218)	(295,000)	-	-
Increase (decrease) in net position	(497,363)	459,270	1,300,858	426,423	803,495	885,693
Net position, beginning, previously reported	5,754,105	5,294,835	13,963,500	13,537,077	19,717,605	18,831,912
Restatement	-	-	-	-	-	-
Net position, beginning, restated	5,754,105	5,294,835	13,963,500	13,537,077	19,717,605	18,831,912
Net position, ending	\$ 5,256,742	\$ 5,754,105	\$ 15,264,358	\$ 13,963,500	\$ 20,521,100	\$ 19,717,605

Governmental activities: Governmental activities decreased the Town's net position by \$497,363.

Business-type activities: Business-type activities increased the Town's net position by \$1,300,858.

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$3,003,552 while total fund balance reached \$3,840,767. The Town currently has an unassigned fund balance of 57% of General Fund expenditures while total fund balance represents 72% of the same amount.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$4,055,764, a \$577,603 increase over last year.

General Fund Budgetary Highlights:

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

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$1,564,746, the Water and Sewer Fund amounted to \$677,208, and those for the Airport Fund amounted to (\$410,988).

Capital Asset and Debt Administration

Capital assets. The Town of Edenton's net investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$24,240,112 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- New substations and plant & system upgrade in electric fund
- New bucket truck
- Several new equipments in general, water and sewer, and electric funds
- Construction in progress - water projects

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,403,409	\$ 1,403,409	\$ 95,698	\$ 95,698	\$ 1,499,107	\$ 1,499,107
Infrastructure	1,943,314	1,982,627	-	-	1,943,314	1,982,627
Runways	-	-	1,214,780	1,376,465	1,214,780	1,376,465
Buildings	2,608,412	2,698,678	553,041	584,631	3,161,453	3,283,309
Plant distribution and system	-	-	7,385,364	7,613,978	7,385,364	7,613,978
Neighborhood redevelopment program	-	-	11,305	11,933	11,305	11,933
Equipment	265,836	223,493	462,217	115,260	728,053	338,753
Vehicles	580,511	431,947	381,482	216,658	961,993	648,605
Construction in progress	-	-	7,334,743	5,505,017	7,334,743	5,505,017
Total	\$ 6,801,482	\$ 6,740,154	\$ 17,438,630	\$ 15,519,640	\$ 24,240,112	\$ 22,259,794

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

Long-Term Debt. As of June 30, 2021, the Town of Edenton had total debt outstanding of \$3,383,746 in the Governmental Funds and \$4,005,238 in the Enterprise Funds.

The Town of Edenton's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment purchases	\$ 3,383,746	\$ 2,600,683	\$ 170,556	\$ -	\$ 3,554,302	\$ 2,600,683
Clean Water Revolving Loan	-	-	-	33,011	-	33,011
Sewer Revolving Loan	-	-	938,599	379,000	938,599	379,000
Water Tank Rehabilitation Loan	-	-	281,583	287,498	281,583	287,498
Water Supply Well	-	-	69,500	-	69,500	-
Water Treatment Plant Bond	-	-	2,545,000	2,593,000	2,545,000	2,593,000
Total	\$ 3,383,746	\$ 2,600,683	\$ 4,005,238	\$ 3,292,509	\$ 7,388,984	\$ 5,893,192

The Town of Edenton's total governmental debt increased by \$1,495,792 during the past fiscal year. More detailed information on the Town of Edenton's long-term debt and capital asset activity can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities

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

Business-type Activities

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

Requests for Information

This report is designed to provide an overview of the Town of Edenton's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Edenton, Post Office Box 300, Edenton, North Carolina 27932 or by email via virginia.smith@edenton.nc.gov.

BASIC FINANCIAL STATEMENTS

Town of Edenton, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,030,346	\$ 2,931,885	\$ 5,962,231
Taxes receivable, net	57,669	-	57,669
Accrued interest receivable on taxes	14,990	-	14,990
Accounts receivable, net	303,821	351,080	654,901
Internal Balances	416,965	(416,965)	-
Inventories	21,464	618,075	639,539
Restricted cash and cash equivalents	216,572	287,528	504,100
Total current assets	<u>4,061,827</u>	<u>3,771,603</u>	<u>7,833,430</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	1,403,409	7,430,441	8,833,850
Other capital assets, net of depreciation	5,398,073	10,008,189	15,406,262
Total capital assets	<u>6,801,482</u>	<u>17,438,630</u>	<u>24,240,112</u>
Total assets	<u>10,863,309</u>	<u>21,210,233</u>	<u>32,073,542</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	927,433	350,101	1,277,534
OPEB deferrals	131,475	64,757	196,232
Total deferrals outflows of resources	<u>1,058,908</u>	<u>414,858</u>	<u>1,473,766</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	16,562	747,306	763,868
Accrued interest payable	83,158	50,450	133,608
Customer Deposits	-	287,528	287,528
Compensated absences, current	85,000	30,199	115,199
Installment notes payable, current	359,301	152,742	512,043
Total current liabilities	<u>544,021</u>	<u>1,268,225</u>	<u>1,812,246</u>
Long term Liabilities:			
Installment notes payable	3,024,445	3,852,496	6,876,941
Compensated absences	79,115	85,967	165,082
Net pension liability	1,315,564	619,089	1,934,653
Total pension liability	595,064	-	595,064
Total OPEB liability	963,724	474,670	1,438,394
Total long-term liabilities	<u>5,977,912</u>	<u>5,032,222</u>	<u>11,010,134</u>
Total liabilities	<u>6,521,933</u>	<u>6,300,447</u>	<u>12,822,380</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	34,994	6,822	41,816
OPEB deferrals	108,548	53,464	162,012
Total deferrals inflows of resources	<u>143,542</u>	<u>60,286</u>	<u>203,828</u>
NET POSITION			
Net investment in capital assets	3,417,736	13,433,392	16,851,128
Restricted:			
Transportation	15,542	-	15,542
Stabilization by State Statue	803,944	-	803,944
Unrestricted	1,019,520	1,830,966	2,850,486
Total net position	<u>\$ 5,256,742</u>	<u>\$ 15,264,358</u>	<u>\$ 20,521,100</u>

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

Town of Edenton, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 1,100,220	975,420	-	\$ -	\$ (124,800)	\$ -	\$ (124,800)
Public safety	2,760,759	458,823	-	-	(2,301,936)	-	(2,301,936)
Transportation	1,175,111	-	121,597	-	(1,053,514)	-	(1,053,514)
Environmental protection	1,165,858	254,311	3,453	-	(908,094)	-	(908,094)
Cultural and recreational	12,428	-	-	-	(12,428)	-	(12,428)
Economic and physical development	1,094,616	-	-	-	(1,094,616)	-	(1,094,616)
Interest on long-term debt	57,844	-	-	-	(57,844)	-	(57,844)
Total governmental activities	<u>7,366,836</u>	<u>1,688,554</u>	<u>125,050</u>	<u>-</u>	<u>(5,553,232)</u>	<u>-</u>	<u>(5,553,232)</u>
Business-type activities:							
Airport	459,211	244,228	544,947	-	-	329,964	329,964
Electric	11,259,585	11,883,180	-	-	-	623,595	623,595
Water and Sewer	<u>2,781,429</u>	<u>2,363,230</u>	<u>858,611</u>	<u>-</u>	<u>-</u>	<u>440,412</u>	<u>440,412</u>
Total business-type activities	<u>14,500,225</u>	<u>14,490,638</u>	<u>1,403,558</u>	<u>-</u>	<u>-</u>	<u>1,393,971</u>	<u>1,393,971</u>
	<u>\$ 21,867,061</u>	<u>\$ 16,179,192</u>	<u>\$ 1,528,608</u>	<u>\$ -</u>	<u>\$ (5,553,232)</u>	<u>\$ 1,393,971</u>	<u>\$ (4,159,261)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,319,640	-	2,319,640
Local option sales tax					893,711	-	893,711
Other taxes and licenses					1,484,985	-	1,484,985
Investment earnings, unrestricted					724	146	870
Miscellaneous					-	212,161	212,161
Sale of capital assets					15,525	-	15,525
Insurance recovery					27,066	8,798	35,864
Transfers					<u>314,218</u>	<u>(314,218)</u>	<u>-</u>
Total general revenues					<u>5,055,869</u>	<u>(93,113)</u>	<u>4,962,756</u>
Change in net position					<u>(497,363)</u>	<u>1,300,858</u>	<u>803,495</u>
Net position, beginning					<u>5,754,105</u>	<u>13,963,500</u>	<u>19,717,605</u>
Net position, ending					<u>\$ 5,256,742</u>	<u>\$ 15,264,358</u>	<u>\$ 20,521,100</u>

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

Town of Edenton, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	<u>Major</u>	<u>NonMajor</u>	
		<u>Other</u>	
	<u>General Fund</u>	<u>Governmental</u>	<u>Total</u>
		<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,819,084	\$ 211,262	\$ 3,030,346
Restricted cash	216,572	-	216,572
Taxes receivable, net	57,669	-	57,669
Inventories	21,464	-	21,464
Due from other funds	500,123	-	500,123
Accounts receivable, net	300,086	3,735	303,821
Total assets	<u>3,914,998</u>	<u>214,997</u>	<u>4,129,995</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and accrued liabilities	16,562	-	16,562
Due to other funds	-	-	-
Total liabilities	<u>16,562</u>	<u>-</u>	<u>16,562</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes receivable	57,669	-	57,669
Total deferred inflows of resources	<u>57,669</u>	<u>-</u>	<u>57,669</u>

Fund balances:

Nonspendable			
Inventories	21,464	-	21,464
Restricted			
Stabilization by State Statue	800,209	3,735	803,944
Transportation	15,542	-	15,542
Unassigned	3,003,552	211,262	3,214,814
Total fund balances	<u>3,840,767</u>	<u>214,997</u>	<u>4,055,764</u>

Total liabilities, deferred inflows of

resources and fund balances	\$ <u>3,914,998</u>	\$ <u>214,997</u>	
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Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Deferred outflows of resources related to pensions and OPEB are not reported in the funds	1,058,908
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	57,669
Other long- term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are not accrued as income in the funds.	14,990
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,801,482
Deferred inflows of resources related to pensions and OPEB are not reported in the funds	(143,542)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	(3,714,177)
Net OPEB liability.	(963,724)
Net pension liability - LEOSSA.	(595,064)
Net pension liability - LGERS.	<u>(1,315,564)</u>
Net position of governmental activities	\$ <u>5,256,742</u>

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

Town of Edenton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major</u>	<u>Non-Major</u>	
		<u>Other</u>	
	<u>General Fund</u>	<u>Governmental</u>	<u>Total</u>
		<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
REVENUES			
Ad valorem taxes	\$ 2,319,853	\$ -	\$ 2,319,853
Other taxes and licenses	222,953	-	222,953
Restricted intergovernmental	557,748	758,549	1,316,297
Unrestricted intergovernmental	1,377,200	-	1,377,200
Permits and fees	46,101	-	46,101
Sales and services	1,229,731	-	1,229,731
Investment earnings	724	-	724
Total revenues	<u>5,754,310</u>	<u>758,549</u>	<u>6,512,859</u>
EXPENDITURES			
Current:			
General government	805,950	-	805,950
Public safety	2,377,087	-	2,377,087
Transportation and utilities	871,050	-	871,050
Environmental protection	900,053	-	900,053
Economic and physical development	20,956	2,043,530	2,064,486
Debt service:			
Principal	272,894	-	272,894
Interest	57,844	-	57,844
Total expenditures	<u>5,305,834</u>	<u>2,043,530</u>	<u>7,349,364</u>
Excess (deficiency) of revenues over expenditures	<u>448,476</u>	<u>(1,284,981)</u>	<u>(836,505)</u>
OTHER FINANCING SOURCES			
Sale of capital assets	15,525	-	15,525
Installment purchase obligations	-	1,055,957	1,055,957
Insurance recovery	27,066	-	27,066
Transfer from other funds	333,560	499,113	832,673
Transfer to other funds	<u>(517,113)</u>	<u>-</u>	<u>(517,113)</u>
Total other financing sources and uses	<u>(140,962)</u>	<u>1,555,070</u>	<u>1,414,108</u>
Net change in fund balance	307,514	270,089	577,603
Fund balances-beginning	3,533,253	(55,092)	3,478,161
Fund balances-ending	<u>\$ 3,840,767</u>	<u>\$ 214,997</u>	<u>\$ 4,055,764</u>

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

Town of Edenton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

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

Net changes in fund balance - total government funds		\$ 577,603
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays increases exceeded the book value of capital outlay decreases in fiscal year.		
Capital outlay expenditures which were capitalized	358,490	
Depreciation expense for governmental assets	<u>(297,162)</u>	61,328
Benefits payments paid and administrative expense for the LEOSA are not included on the Statement of Activities		
		48,989
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		
		55,651
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		382,184
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
		213
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(1,055,957)	
Principal payments on long-term debt	272,894	
Increase in accrued interest payable	<u>(15,622)</u>	(798,685)
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.		
Other post employment benefits		141,916
Compensated absences	(114,453)	
Pension expenses	(712,160)	
OPEB expense	<u>(139,949)</u>	(966,562)
Total changes in net position of governmental activities		<u>\$ (497,363)</u>

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

Town of Edenton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 2,146,045	\$ 2,146,045	\$ 2,319,853	\$ 173,808
Other taxes and licenses	99,000	109,000	222,953	113,953
Restricted intergovernmental revenues	565,652	565,652	557,748	(7,904)
Unrestricted intergovernmental revenues	1,252,894	1,341,994	1,377,200	35,206
Permits and fees	34,000	49,455	46,101	(3,354)
Sales and services	1,290,679	1,295,174	1,229,731	(65,443)
Investment earnings	38,400	38,400	724	(37,676)
Total revenues	<u>5,426,670</u>	<u>5,545,720</u>	<u>5,754,310</u>	<u>208,590</u>
Expenditures				
Current:				
General government	811,330	860,830	805,950	54,880
Public safety	2,613,416	2,593,986	2,377,087	216,899
Transportation and utilities	1,002,185	1,089,969	871,050	218,919
Environmental protection	983,873	1,042,823	900,053	142,770
Economic and physical development	40,632	40,630	20,956	19,674
Debt service:				
Principal retirement	339,952	272,894	272,894	-
Interest and other charges	-	59,719	57,844	1,875
Total expenditures	<u>5,791,388</u>	<u>5,960,851</u>	<u>5,305,834</u>	<u>655,017</u>
Revenues over (under) expenditures	(364,718)	(415,131)	448,476	863,607
Other financing sources (Uses)				
Sale of capital assets	12,500	13,005	15,525	2,520
Insurance recovery	-	27,066	27,066	-
Transfer from other funds	332,218	(194,896)	(183,553)	11,343
Fund Balance Appropriated	<u>20,000</u>	<u>569,956</u>	<u>-</u>	<u>(569,956)</u>
Total other financing sources (uses)	<u>364,718</u>	<u>415,131</u>	<u>(140,962)</u>	<u>(556,093)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	307,514	\$ <u>307,514</u>
Fund Balances - Beginning			3,533,253	
Fund Balances - Ending			<u>\$ 3,840,767</u>	

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

Town of Edenton, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Electric Fund	Water and Sewer Fund	Airport Fund	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 2,177,738	\$ 754,043	\$ 104	\$ 2,931,885
Accounts receivable, net	70,180	277,230	3,670	351,080
Due from other funds	-	-	-	-
Inventories	496,753	104,370	16,952	618,075
Total Current Assets	<u>2,744,671</u>	<u>1,135,643</u>	<u>20,726</u>	<u>3,901,040</u>
Noncurrent assets:				
Restrctied cash and cash equivalents	274,410	13,118	-	287,528
Capital assets:				
Land and construction in progress	84,147	5,549,171	1,797,123	7,430,441
Other capital assets, net of depreciation	3,305,803	4,912,817	1,789,569	10,008,189
Capital assets (net)	<u>3,389,950</u>	<u>10,461,988</u>	<u>3,586,692</u>	<u>17,438,630</u>
Total noncurrent assets	<u>3,664,360</u>	<u>10,475,106</u>	<u>3,586,692</u>	<u>17,726,158</u>
Total Assets	<u>6,409,031</u>	<u>11,610,749</u>	<u>3,607,418</u>	<u>21,627,198</u>
Deferred Outflows of Resources	<u>219,351</u>	<u>193,545</u>	<u>1,962</u>	<u>414,858</u>
Liabilities				
Current Liabilities:				
Accounts payable & accrued expenses	744,967	1,632	707	747,306
Due to other funds	-	-	416,965	416,965
Customer deposits	274,410	13,118	-	287,528
Accrued interest payable	-	50,450	-	50,450
Compensated absences, current	14,918	15,281	-	30,199
Insallment notes payable, current	42,639	110,103	-	152,742
Total Current Liabilities	<u>1,076,934</u>	<u>190,584</u>	<u>417,672</u>	<u>1,685,190</u>
Noncurrent liabilities:				
Total OPEB liability	244,527	215,759	14,384	474,670
Compensated absences	34,807	51,160	-	85,967
Net pension liability	328,891	290,198	-	619,089
Installment notes payable	127,917	3,724,579	-	3,852,496
Total noncurrent liabilities	<u>736,142</u>	<u>4,281,696</u>	<u>14,384</u>	<u>5,032,222</u>
Total Liabilities	<u>1,813,076</u>	<u>4,472,280</u>	<u>432,056</u>	<u>6,717,412</u>
Deferred Inflows of Resources	<u>31,166</u>	<u>27,500</u>	<u>1,620</u>	<u>60,286</u>
Net Position				
Net investment in capital assets	3,219,394	6,627,306	3,586,692	13,433,392
Unrestricted	<u>1,564,746</u>	<u>677,208</u>	<u>(410,988)</u>	<u>1,830,966</u>
Total Net Position	<u>\$ 4,784,140</u>	<u>\$ 7,304,514</u>	<u>\$ 3,175,704</u>	<u>\$ 15,264,358</u>

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

Town of Edenton, North Carolina
Statement of Revenues and Expenditures and
Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2021

	Electric Fund	Water and Sewer Fund	Airport Fund	Total
Operating revenues:				
Charges for Services	\$ 11,883,180	\$ 2,348,022	\$ 178,820	\$ 14,410,022
Other operating revenues	-	15,208	65,408	80,616
Total Operating Revenues	11,883,180	2,363,230	244,228	14,490,638
Operating expenses:				
Electric operations	2,439,366	-	-	2,439,366
Electric power purchases	8,124,025	-	-	8,124,025
Administrative services	471,835	-	-	471,835
Water operations	-	552,938	-	552,938
Sewer operations	-	1,547,336	-	1,547,336
Water and sewer line maintenance	-	301,265	-	301,265
Airport operations	-	-	262,656	262,656
Depreciation	218,694	324,986	196,555	740,235
Total operating expenses	11,253,920	2,726,525	459,211	14,439,656
Total Operating Income (Loss)	629,260	(363,295)	(214,983)	50,982
Nonoperating Revenues(Expenses):				
State Grant	-	-	13,000	13,000
Contribution from Chowan County	-	26,662	-	26,662
Investment earnings	146	-	-	146
Rental income	-	94,899	-	94,899
Interest expense	(5,665)	(54,904)	-	(60,569)
Insurance proceeds	8,798	-	-	8,798
Sale of merchandise and scrap	70,692	19,908	-	90,600
Total Nonoperating Revenues (Expenses)	73,971	86,565	13,000	173,536
Net income (loss) before contributions and transfers	703,231	(276,730)	(201,983)	224,518
Capital contributions	-	858,611	531,947	1,390,558
Transfer from other funds	-	-	18,000	18,000
Transfer to other funds	(332,218)	-	-	(332,218)
Total other financing sources and uses	(332,218)	858,611	549,947	1,076,340
Changes in net position	371,013	581,881	347,964	1,300,858
Total net position, beginning	4,413,127	6,722,633	2,827,740	13,963,500
Total net position, Ending	\$ 4,784,140	\$ 7,304,514	\$ 3,175,704	\$ 15,264,358

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

Town of Edenton, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2021

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Airport Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Cash Received from Customers/others	\$ 12,030,306	\$ 2,250,156	\$ 243,136	\$ 14,523,598
Cash paid to suppliers for goods and services	(10,097,987)	(1,345,081)	(259,839)	(11,702,907)
Cash paid to employees for services	(962,628)	(1,003,166)	-	(1,965,794)
Customer deposit	10,890	1,964	-	12,854
Net cash provided by (used for) operating activities	<u>980,581</u>	<u>(96,127)</u>	<u>(16,703)</u>	<u>867,751</u>
Cash Flows from (use by) capital and related financing activities:				
Capital contributions	-	858,611	531,947	1,390,558
Capital contributions - State grant	-	-	13,000	13,000
Proceeds from financing	213,195	684,099	-	897,294
Principal repayments on long-term debt	(42,639)	(141,926)	-	(184,565)
Sale of merchandise and scrap	70,692	19,908	-	90,600
Acquisition of capital assets	(588,670)	(1,538,612)	(531,943)	(2,659,225)
Interest income	146	-	-	146
Other income	8,798	114,807	-	123,605
Interest expense	(5,665)	(54,904)	-	(60,569)
Net cash flows provided (used) by capital financing activities	<u>(344,143)</u>	<u>(58,017)</u>	<u>13,004</u>	<u>(1,779,714)</u>
Cash Flows from (used for) noncapital financing activities:				
Transfers from/to other funds	(332,218)	-	18,000	(314,218)
Transfers in/out (net)	-	-	(14,297)	(14,297)
Net cash flows provided (used) by noncapital financing activities	<u>(332,218)</u>	<u>-</u>	<u>3,703</u>	<u>(314,218)</u>
 Net increase (decrease) in cash and cash equivalents	 304,220	 (154,144)	 4	 150,080
Cash and cash equivalents, beginning of year	2,147,928	921,305	100	3,069,333
Cash and cash equivalents, end of year	<u>\$ 2,452,148</u>	<u>\$ 767,161</u>	<u>\$ 104</u>	<u>\$ 3,219,413</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 629,260	\$ (363,295)	\$ (214,983)	\$ 50,982
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	218,694	324,986	196,555	740,235
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	147,126	(113,074)	(1,092)	32,960
Increase (decrease) in accounts payable and accrued liabilities	32,953	11,766	252	44,971
(Increase) decrease in inventory	(123,865)	(21,655)	2,122	(143,398)
Increase (decrease) in net pension liability	100,430	88,615	-	189,045
Increase (decrease) in customer deposits	10,890	1,964	-	12,854
Increase (decrease) in OPEB liability	36,009	31,772	2,118	69,899
(Increase) decrease in deferred outflows of resources for pensions	(73,331)	(64,704)	(1,439)	(139,474)
Increase (decrease) in deferred inflows of resources for pensions	(5,905)	(5,209)	(236)	(11,350)
Increase (decrease) in accrued vacation pay	8,320	12,707	-	21,027
Net cash provided (used) by operating activities	<u>\$ 980,581</u>	<u>\$ (96,127)</u>	<u>\$ (16,703)</u>	<u>\$ 867,751</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF EDENTON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental fund:

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

Coronavirus Relief Fund - This fund is used to account for revenues and expenses related to Covid-19 grant.

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

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

The Town reports the following major enterprise funds:

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

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

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

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

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

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

D. Budgetary Data

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

E. Assets, Liabilities, Deferred Outflow/Inflows of Resources and Fund Equity1. Deposits and Investments

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

State Law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Town of Edenton Restricted Cash

Governmental Activities:

General Fund

Streets	\$	15,542
Public Safety		201,030
Total governmental activities	\$	<u>216,572</u>

Business-Type Activities:

Electric Fund

Customer deposits	274,410
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Water and Sewer Fund

Customer deposits	13,118
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Total business-type activities	\$	<u>287,528</u>
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Total restricted cash	\$	<u><u>504,100</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

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

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

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

7. Capital Assets

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

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension and OPEB deferrals for the 2021 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet this criterion for this category – prepaid taxes, property taxes receivable, and pension and OPEB deferrals.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Edenton's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – portion of fund balance that The Town intends to use for specific purposes.

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

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

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

12. Defined Benefit Cost-Sharing Plans

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

II. Stewardship, Compliance, and Accountability

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

None.

B. Deficit Fund Balance or Net Position of Individual Funds

None.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$1,617,119 and a bank balance of \$1,629,343. All of which was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$1,876.

2. Investments

As of June 30, 2021, the Town's investments consisted of \$4,541,382 in the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy on credit risk.

	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1- 3 Years
Ginnie Mae Pool	Fair Value - Level 1	\$ 305,954	\$ -	\$ -	\$ 305,954

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

Credit Risk. The Town limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2021. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The Town's investment in US Agencies (US Government Bonds) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

4. Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021, are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivables	\$ 57,669
Accounts receivable	303,821
Total General Fund	<u>361,490</u>
Enterprise Funds:	
Electric Fund - accounts receivable	70,180
Airport Fund - accounts receivable	3,670
Water and Sewer Fund - accounts receivable	<u>277,230</u>
Total Enterprise Fund	<u>351,080</u>
Total	<u><u>\$ 712,570</u></u>

5. Capital Assets

Primary Government

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

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,403,409	\$ -	\$ -	\$ 1,403,409
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>1,403,409</u>	<u>-</u>	<u>-</u>	<u>1,403,409</u>
Capital assets being depreciated:				
Infrastructure	2,142,106	25,000	-	2,167,106
Buildings	4,704,755	-	-	4,704,755
Equipment	1,034,797	81,771	-	1,116,568
Vehicles	1,650,022	251,719	-	1,901,741
Total capital assets being depreciated	<u>9,531,680</u>	<u>358,490</u>	<u>-</u>	<u>9,890,170</u>
Less accumulated depreciation for:				
Infrastructure	159,479	64,313	-	223,792
Buildings	2,006,077	90,266	-	2,096,343
Equipment	811,304	39,428	-	850,732
Vehicles	1,218,075	103,155	-	1,321,230
Total accumulated depreciation	<u>4,194,935</u>	<u>\$ 297,162</u>	<u>\$ -</u>	<u>4,492,097</u>
Total capital assets being depreciated, net	<u>5,336,745</u>			<u>5,398,073</u>
Governmental activity capital assets, net	<u><u>\$ 6,740,154</u></u>			<u><u>\$ 6,801,482</u></u>

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

General government	\$ 62,501
Public Safety	92,487
Transportation	76,201
Environmental protection	53,545
Cultural and Recreational	12,428
Total Depreciation Expense	<u><u>\$ 297,162</u></u>

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Business-type Activities				
Electric Fund				
Capital assets not being depreciated:				
Land	\$ 45,142	\$ -	\$ -	\$ 45,142
Construction in progress	39,005	-	-	39,005
Total capital assets not being depreciated	84,147	-	-	84,147
Capital assets being depreciated:				
Plant and systems	8,818,059	176,914	-	8,994,973
PDS-Solar farm	439,453	-	-	439,453
Neighborhood redevelopment program	12,561	-	-	12,561
Furniture and equipment	877,376	198,561	-	1,075,937
Vehicles	928,985	213,195	-	1,142,180
Total capital assets being depreciated	11,076,434	588,670	-	11,665,104
Less accumulated depreciation for:				
Plant and systems	6,544,017	137,352	-	6,681,369
PDS-Solar farm	10,986	10,986	-	21,972
Neighborhood redevelopment program	628	628	-	1,256
Furniture and equipment	816,038	19,515	-	835,553
Vehicles	768,938	50,213	-	819,151
Total accumulated depreciation	8,140,607	\$ 218,694	\$ -	8,359,301
Total capital assets being depreciated, net	2,935,827			3,305,803
Electric Fund capital assets, net	<u>\$ 3,019,974</u>			<u>\$ 3,389,950</u>

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Business-type Activities				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 35,156	\$ -	\$ -	\$ 35,156
Construction in progress	4,216,234	1,297,781	-	5,514,015
Total capital assets not being depreciated	4,251,390	1,297,781	-	5,549,171
Capital assets being depreciated:				
Plant and distribution systems	14,796,082	-	-	14,796,082
Furniture and equipment	497,539	215,831	-	713,370
Vehicles	331,219	25,000	-	356,219
Total capital assets being depreciated	15,624,840	240,831	-	15,865,671
Less accumulated depreciation for:				
Plant and distribution systems	9,884,615	278,936	-	10,163,551
Furniture and equipment	468,645	22,892	-	491,537
Vehicles	274,608	23,158	-	297,766
Total accumulated depreciation	10,627,868	\$ 324,986	\$ -	10,952,854
Total capital assets being depreciated, net	4,996,972			4,912,817
Water and Sewer Fund capital assets, net	<u>\$ 9,248,362</u>			<u>\$ 10,461,988</u>

	Beginning Balances July 1, 2020	Increases	Decreases	Ending Balances June 30, 2021
Business-type Activities				
Airport Fund				
Capital assets not being depreciated:				
Land	\$ 15,400	\$ -	\$ -	\$ 15,400
Construction in progress	1,249,779	531,944	-	1,781,723
Total capital assets not being depreciated	1,265,179	531,944	-	1,797,123
Capital assets being depreciated:				
Runways	3,470,612	-	-	3,470,612
Equipments	87,631	-	-	87,631
Hangars and terminal buildings	1,263,601	-	-	1,263,601
Total capital assets being depreciated	4,821,844	-	-	4,821,844
Less accumulated depreciation for:				
Runways	2,094,147	161,685	-	2,255,832
Equipments	62,603	3,280	-	65,883
Hangars and terminal buildings	678,970	31,590	-	710,560
Total accumulated depreciation	2,835,720	\$ 196,555	\$ -	3,032,275
Total capital assets being depreciated, net	1,986,124			1,789,569
Airport Fund capital assets, net	<u>\$ 3,251,303</u>			<u>\$ 3,586,692</u>

B. Liabilities**1. Payables**

Payables at the government-wide level at June 30, 2021, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 16,562	\$ -	\$ 16,562
Other governmental	-	-	-
Total governmental activities	<u>\$ 16,562</u>	<u>\$ -</u>	<u>\$ 16,562</u>
Business-Type Activities:			
Electric	\$ 744,967	\$ -	\$ 744,967
Water and Sewer	1,632	-	1,632
Airport	707	-	707
Total business-type activities	<u>\$ 747,306</u>	<u>\$ -</u>	<u>\$ 747,306</u>

2. Pension Plan and Other Post Employment Obligations**a. Local Governmental Employees' Retirement System**

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.21% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$382,184 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$1,934,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, The Town’s proportion was 0.05414%, which was an increase of 0.00493% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, The Town recognized pension expense of \$674,403. At June 30, 2021, 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	\$ 244,313	\$ -
Changes of assumptions	143,976	-
Net difference between projected and actual earnings on pension plan investments	272,251	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	51,343	21,320
Town contributions subsequent to the measurement date	382,184	-
Total	\$ 1,094,067	\$ 21,320

\$382,184 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	196,893
2023	257,900
2024	155,197
2025	80,573
2026	-
Thereafter	-
Total	\$ 690,563

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

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

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

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 3,925,200	\$ 1,934,653	\$ 280,368

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

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description

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

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

Retirees Receiving Benefits	2
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	17
Total	19

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

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

(4) Contributions

The Town is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town paid \$48,989 as benefits came due for the reporting period.

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

At June 30, 2021, The Town reported a total pension liability of \$595,064. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, The Town recognized pension expense of \$79,161.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,306	\$ 12,039
Changes of assumptions and other inputs	142,161	8,457
Benefit payments and administrative expenses subsequent to the measurement date.	-	-
	<u>\$ 183,467</u>	<u>\$ 20,496</u>

\$0.00 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	\$ 44,018
2023	43,028
2024	38,809
2025	26,323
2026	10,793
Thereafter	-
	<u>\$ 162,971</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 641,414	\$ 595,064	\$ 552,383

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

	2021
Beginning balance	\$ 466,502
Service Cost	20,734
Interest on the total pension liability	14,409
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(14,769)
Changes of assumptions or other inputs	157,177
Benefit payments	(48,989)
Other changes	-
Ending balance of the total pension liability	<u>\$ 595,064</u>

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

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

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 674,403	\$ 79,161	\$ 753,564
Pension liability	1,934,653	595,064	2,529,717
Proportionate share of the net pension liability	0.0541%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	244,313	41,306	285,619
Changes of assumption	143,976	142,161	286,137
Net difference between projected and actual earnings on plan investments	272,251	-	272,251
Changes in proportion and differences between contributions and proportionate share of contributions	51,343	-	51,343
Contributions/Benefit payments and administrative costs paid subsequent to the measurement date	382,184	-	382,184
Deferred Inflows of Resources			
Difference between expected and actual experience	-	12,039	12,039
Changes of assumptions	-	8,457	8,457
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	21,320	-	21,320

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by The Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included on the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454.

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

The Town made contributions of \$69,457 for the reporting year. No amounts were forfeited.

d. Other Post Employment BenefitsHealthcare Benefits

Plan Description - Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

Membership of the HCB Plan consisted of the following at December 31, 2020, the date of latest actuarial valuation:

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

Total OPEB Liability

The Town's total OPEB liability of \$1,438,394 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

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

Changes in the Total OPEB Liability

Balance at July 1, 2020	\$ 1,226,579
Changes for the year	
Service cost	55,692
Interest	43,913
Changes of benefit terms	-
Differences between expected and actual experience	1,985
Changes in assumptions or other inputs	165,876
Benefit payments	(55,651)
Net changes	211,815
Balance at June 30, 2021	\$ 1,438,394

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 1,585,091	\$ 1,438,394	\$ 1,307,639

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 1,264,877	\$ 1,438,394	\$ 1,649,462

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$99,925. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,985	\$ 92,686
Changes of assumptions	169,247	69,326
Town contributions subsequent to the measurement date	-	
Total	<u>\$ 196,232</u>	<u>\$ 162,012</u>

\$0.00 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2022	320
2023	320
2024	320
2025	320
2026	320
Thereafter	32,620
Total	<u>\$ 34,220</u>

3. Other Employment Benefits

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

4. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 382,184
Benefit payments and administrative expenses for LEOSSA made subsequent to the measurement date	-
Benefit payments and administrative expenses for OPEB made subsequent to the measurement date	-
Differences between expected and actual experience	312,604
Changes of assumptions	455,384
Net difference between projected and actual earnings on plan investments	272,251
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,343
	<u>\$ 1,473,767</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 57,669
Changes of assumptions	77,783	-
Differences between expected and actual experience	104,725	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,320	-
	<u>\$ 203,828</u>	<u>\$ 57,669</u>

5. Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pool administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to the statutory limits and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

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

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

6. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town had no threatened pending litigations.

7. Long-Term Obligationsa. Installment PurchasesGovernmental Activities

In July 2006, the Town entered into a \$230,000 direct placement contract to finance the purchase of a new fire truck. The contract requires twenty annual payments with an interest rate of 4.25%. The annual payments as of June 30, 2021 for the fire truck, including \$13,842 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 13,478	\$ 3,823
2023	14,051	3,250
2024	14,648	2,653
2025	15,260	2,041
2026	14,513	2,075
Total payments	<u>\$ 71,950</u>	<u>\$ 13,842</u>

In 2016, the Town entered into a \$2,480,000 direct placement contract to finance the construction of a new police station. The contract requires fifteen annual payments with an interest rate of 2.98%. The annual payments as of June 30, 2021 for the police station, including \$324,493 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 165,333	\$ 54,196
2023	165,333	49,269
2024	165,333	44,342
2025	165,333	39,410
2026	165,333	34,489
2027-2031	826,667	98,539
2032-2036	165,335	4,248
Total payments	<u>\$ 1,818,667</u>	<u>\$ 324,493</u>

In February 2017, the Town entered into a \$242,000 direct placement contract to finance flood and erosion control improvements to the bulkhead. The contract require ten annual payments with an interest rate of 3.09%. The annual payments as of June 30, 2021 for the bulkhead improvements, including \$15,704 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 24,200	\$ 4,487
2023	24,200	3,739
2024	24,200	2,991
2025	24,200	4,487
2026	24,200	-
2027-2030	24,200	-
Total payments	<u>\$ 145,200</u>	<u>\$ 15,704</u>

In September 2017, the Town entered into a \$75,500 direct placement contract to finance the purchase of a sanitation truck. The contract require twenty annual payments with an interest rate of 3.25%. The annual payments as of June 30, 2021 for the sanitation truck, including \$21,286 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 3,015	\$ 2,178
2023	3,113	2,080
2024	3,214	1,979
2025	3,313	1,880
2026	3,426	1,767
2027-2031	18,871	7,094
2032-2036	22,145	3,820
2037-2040	9,921	488
Total payments	<u>\$ 67,018</u>	<u>\$ 21,286</u>

In June 2018, the Town entered into a \$88,000 direct placement contract to finance the purchase of police vehicles. The contract require five annual payments with an interest rate of 3.51%. The annual payments as of June 30, 2021 for the police vehicles, including \$1,961 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 18,196	\$ 1,300
2023	18,835	661
Total payments	<u>\$ 37,031</u>	<u>\$ 1,961</u>

In November 2018, the Town entered into a \$57,743 direct placement contract to finance the purchase of police vehicles. The contract require five annual payments with an interest rate of 2.61%. The annual payments as of June 30, 2021 for the police vehicles, including \$1,809 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 11,549	\$ 904
2023	11,549	603
2024	11,549	302
Total payments	<u>\$ 34,647</u>	<u>\$ 1,809</u>

In November 2018, the Town entered into a \$230,000 direct placement contract to finance the purchase of a street sweeper. The contract require six annual payments with an interest rate of 3.05%. The annual payments as of June 30, 2021 for the police vehicles, including \$11,695 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 38,333	\$ 4,677
2023	38,333	3,508
2024	38,333	2,338
2025	38,333	1,172
Total payments	<u>\$ 153,332</u>	<u>\$ 11,695</u>

In July 2020, the Town entered into a \$70,000 direct placement contract to finance the purchase of police and fire vehicles. The contract require seven annual payments with an interest rate of 2.25%. The annual payments as of June 30, 2021 for the police and fire vehicles, including \$6,442 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 9,346	\$ 1,575
2023	9,556	1,365
2024	9,771	1,150
2025	9,989	932
2026	10,216	705
2027-2031	21,122	715
Total payments	<u>\$ 70,000</u>	<u>\$ 6,442</u>

In August 2020, the Town entered into a \$78,000 direct placement contract to finance the purchase of 2012 Supreme Trolley. The contract require seven annual payments with an interest rate of 2.14%. The annual payments as of June 30, 2021 for the police and fire vehicles, including \$6,818 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 10,448	\$ 1,669
2023	10,671	1,446
2024	10,900	1,217
2025	11,133	984
2026	11,371	746
2027-2031	23,477	756
Total payments	<u>\$ 78,000</u>	<u>\$ 6,818</u>

In November 2020, the Town entered into a \$907,900 direct placement contract to finance the street repairing and repaving. The contract require twelve annual payments with an interest rate of 2.16%. The annual payments as of June 30, 2021 for the street repairing and repaving, including \$161,288 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 65,403	\$ 23,696
2023	67,110	21,989
2024	68,861	20,238
2025	70,659	18,440
2026	72,503	16,596
2027-2031	391,907	53,588
2032-2036	171,457	6,741
Total payments	<u>\$ 907,900</u>	<u>\$ 161,288</u>

Business-Type Activities

The Town entered into an agreement with the United States Department of Agriculture's Rural Development Division to finance the water tank rehabilitation project. Funds available to the Town total \$335,000. The contract requires 39 annual payments with an interest rate of 3.17%. The annual payments as of June 30, 2021 for the water tank rehabilitation, including \$154,007 of interest, are as follows:

Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2022	\$ 6,103	\$ 8,983
2023	6,296	8,790
2024	6,496	8,590
2025	6,705	8,436
2026	6,779	8,307
2027-2031	37,300	38,130
2032-2036	43,796	31,634
2037-2041	51,394	24,036
2042-2046	60,310	15,120
2047-2051	56,404	1,981
Total payments	<u>\$ 281,583</u>	<u>\$ 154,007</u>

The Town entered into an agreement with the United States Department of State Agriculture to finance the capital improvements to the Town's Freemason and Beaver Hill water treatment plant. The contract requires 40 annual payments with an interest rate of 1.625%. The future minimum payments as of June 30, 2021 for the capital improvements, including \$886,227 of interest, are as follows:

Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2022	\$ 49,000	\$ 41,356
2023	50,000	40,560
2024	51,000	39,748
2025	51,000	38,919
2026	52,000	38,090
2027-2031	275,000	177,450
2032-2036	296,000	154,391
2037-2041	320,000	129,594
2042-2046	350,000	102,619
2047-2051	378,000	73,320
2052-2056	410,000	41,584
2057-2060	263,000	8,596
Total payments	<u>\$ 2,545,000</u>	<u>\$ 886,227</u>

The Town entered into an agreement with the Department of Environmental Quality for a Sanitary Sewer Project. Funds available to the Town total \$1,100,000. At June 30, 2021, the total amount drawn by the Town was \$993,591. The revolving loan is to be repaid in twenty annual principal payments of \$55,000. Interest is calculated at 0.00%. Principal payments are due on May 1 of each year. The first payment will be on May 1, 2021. At June 30, 2021, the outstanding balance was \$938,599.

Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2022	\$ 55,000	\$ -
2023	55,000	-
2024	55,000	-
2025	55,000	-
2026	55,000	-
2027-2031	275,000	-
2032-2036	275,000	-
2037-2041	113,599	-
Total payments	<u>\$ 938,599</u>	<u>\$ -</u>

The Town entered into an agreement with the Department of Environmental Quality for a Water Supply Well Project. Funds available to the Town total \$1,818,364. At June 30, 2021, the total amount drawn by the Town was \$69,500. The first payment will be in 2023. At June 30, 2021, the outstanding balance was \$69,500.

Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2022	\$ -	\$ -
2023	69,500	-
Total payments	\$ 69,500	\$ -

In February 2021, the Town entered into a \$213,195 direct placement contract to finance to purchase Bucket Truck. The contract require four annual payments with an interest rate of 2.65%. The annual payments as of June 30, 2021 for the street repairing and repaving, including \$11,303 of interest, are as follows:

Year ending June 30	<u>Governmental Activities</u>	
	Principal	Interest
2022	\$ 42,639	\$ 4,520
2023	42,639	3,390
2024	42,639	2,260
2025	42,639	1,133
Total payments	170,556	11,303

b. Changes in Long-Term Debt

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
Governmental Activities:					
Direct placement installment purchases	\$ 2,600,683	\$ 1,055,957	\$ (272,894)	\$ 3,383,746	\$ 359,301
Net pension liability (LGERS)	913,843	401,721	-	1,315,564	-
Total pension liability (LEO)	466,502	128,562	-	595,064	-
Total OPEB liability	821,808	141,916	-	963,724	-
Compensated absences	173,336	105,232	(114,453)	164,115	85,000
Total	\$ 4,976,172	\$ 1,833,388	\$ (387,347)	\$ 6,422,213	\$ 444,301
	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
Business-type Activities:					
Direct placement installment purchases	\$ -	\$ 282,695	\$ (42,639)	\$ 240,056	\$ 42,639
Clean Water Revolving Loan	33,011	-	(33,011)	-	-
Sewer revolving Loan	379,000	614,591	(54,992)	938,599	55,000
Water Tank Rehabilitation Loan	287,498	-	(5,915)	281,583	6,103
Water Treatment Plant Bond	2,593,000	-	(48,000)	2,545,000	49,000
Net pension liability (LGERS)	430,044	189,045	-	619,089	-
Total OPEB liability	404,771	69,899	-	474,670	-
Compensated absences	95,139	46,366	(25,339)	116,166	30,199
Total	\$ 4,222,463	\$ 1,228,268	\$ (209,896)	\$ 5,215,163	\$ 182,941

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

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021, consist of the following:

	Amount
From Trolley Fund to General Fund - operating transfer	\$ 1,342
From Electric Fund to General Fund - operating transfer	332,218
	<u>\$ 333,560</u>

Transfers to/from other funds at June 30, 2021, consist of the following:

	Amount
From the General Fund to Airport Fund - operating transfer	\$ 18,000
From the General Fund to FEMA fund - operating transfer	250,613
From the General Fund to small project - operating transfer	3,500
From the General Fund to Small Project Fund - operating transfer	245,000
	<u>\$ 517,113</u>

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

D. Net Investment in Capital Assets

The Town's net investment in capital assets as of June 30, 2021, is as follows:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 6,801,482	\$ 17,438,630
Less: Long-term debt	(3,383,746)	(4,005,238)
Net investment in capital assets	<u>\$ 3,417,736</u>	<u>\$ 13,433,392</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 3,840,767
Less:	
Stabilization by State Statute	800,209
Streets - Powell Bill	15,542
Inventories	21,464
Remaining Fund Balance	\$ 3,003,552

IV. Jointly Governed Organization

The Town in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (NCEMPA). NCEMPA was formed to enable municipalities that own and operate their own electric distributions to collectively purchase wholesale power. Each participating government appoints one commissioner to NCEMPA's governing board. The 32 members who receive power from NCEMPA have signed power sales agreements to purchase a specified share of the wholesale power purchased by NCEMPA. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2021 were \$8,124,025.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

VI. Significant Effects of Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2021 and December 1, 2021, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No such items were noted.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally
accounting principals.

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

Schedule of Contributions – Local Government Employees’
Retirement System

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

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

Schedule of Changes in the Total OPEB Liability and Related Ratios

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset) (%)	0.05414%	0.04921%	0.05200%	0.05000%	0.05000%	0.05300%	0.05100%	0.05200%
Board's proportion of the net pension liability (asset) (\$)	\$ 1,934,653	\$ 1,343,887	\$ 1,238,600	\$ 770,889	\$ 1,061,380	\$ 239,298	\$ (307,435)	609,924
Board's covered-employee payroll	\$ 3,512,948	\$ 3,250,734	\$ 3,159,091	\$ 3,123,019	\$ 3,013,958	\$ 3,034,304	\$ 2,940,730	2,695,027
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.07%	41.34%	39.21%	24.68%	35.22%	7.89%	-10.45%	22.63%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 382,184	\$ 322,431	\$ 256,618	\$ 242,234	\$ 230,899	\$ 210,038	\$ 217,206	209,466
Contributions in relation to the contractually required contribution	382,184	322,431	256,618	242,234	230,899	210,038	217,206	209,466
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Town's covered-employee payroll	\$ 3,692,938	\$ 3,512,948	\$ 3,250,734	\$ 3,159,091	\$ 3,123,019	\$ 3,013,958	\$ 3,034,304	2,940,730
Contributions as a percentage of covered-employee payroll	10.35%	9.18%	7.89%	7.67%	7.39%	6.97%	7.16%	7.14%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 466,502	\$ 420,679	\$ 426,912	\$ 385,821	\$ 379,699
Service Cost	20,734	17,348	22,169	19,662	21,930
Interest on the total pension liability	14,409	14,463	12,753	14,397	13,180
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(14,769)	48,586	20,340	9,334	-
Changes of assumptions or other inputs	157,177	12,098	(14,823)	23,407	(7,966)
Benefit payments	(48,989)	(46,672)	(46,672)	(25,709)	(21,022)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 595,064</u>	<u>\$ 466,502</u>	<u>\$ 420,679</u>	<u>\$ 426,912</u>	<u>\$ 385,821</u>

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 595,064	\$ 466,502	\$ 420,679	\$ 426,912	\$ 385,821
Covered payroll	846,027	741,688	882,153	855,015	863,216
Total pension liability as a percentage of covered payroll	70.34%	62.90%	47.69%	49.93%	44.70%

Notes to the schedules:

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

Town of Edenton, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Four Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 55,692	\$ 51,908	\$ 53,993	\$ 58,945
Interest	43,913	48,925	45,079	38,995
Changes of benefit items	-	-	-	-
Differences between expected and actual experience	1,985	(116,330)	14,075	26,901
Changes of assumptions	165,876	25,389	(41,456)	(70,750)
Benefit payments	(55,651)	(81,264)	(79,323)	(87,428)
Net change in total OPEB liability	211,815	(71,372)	(7,632)	(33,337)
Total OPEB liability - beginning	1,226,579	1,297,951	1,305,583	1,338,920
Total OPEB liability - ending	<u>\$ 1,438,394</u>	<u>\$ 1,226,579</u>	<u>\$ 1,297,951</u>	<u>\$ 1,305,583</u>
 Covered payroll	 2,944,699	 2,944,699	 2,836,544	 2,836,544
Total OPEB liability as a percentage of covered payroll	48.85%	41.65%	45.76%	46.03%

Notes to Schedule

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

Fiscal year	Rate
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

GENERAL FUND

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

Town of Edenton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 2,310,536	\$
Penalties and Interest		9,317	
Total	<u>2,146,045</u>	<u>2,319,853</u>	<u>173,808</u>
Other Taxes and Licenses:			
Land transfer tax		222,953	
Total	<u>109,000</u>	<u>222,953</u>	<u>113,953</u>
Unrestricted Intergovernmental revenues:			
Utility franchise tax		392,881	
Local option sales taxes		893,711	
Payments in lieu of taxes		71,346	
Beer and wine tax		19,262	
Total	<u>1,341,994</u>	<u>1,377,200</u>	<u>35,206</u>
Restricted Intergovernmental:			
Powell Bill revenue		121,597	
Powell Bill - vehicle tax		-	
Chowan County - Fire protection		432,716	
Solid Waste disposal tax		3,435	
Total	<u>565,652</u>	<u>557,748</u>	<u>(7,904)</u>
Permits and Fees:			
Video programming fees		19,994	
Officer fees		1,526	
Police revenue		8,329	
Nuisance fees		16,252	
Total	<u>49,455</u>	<u>46,101</u>	<u>(3,354)</u>
Sales and Services:			
Refuse collections		254,311	
Cemetery lot sales		48,750	
Rents		17,929	
Garage		276,502	
Trolley ticket sales		28,785	
Administrative fees from other funds		575,322	
Miscellaneous		28,132	
Total	<u>1,295,174</u>	<u>1,229,731</u>	<u>(65,443)</u>
Investment Earnings: Interest			
General Fund - unrestricted		486	
General Fund - restricted		238	
Total	<u>38,400</u>	<u>724</u>	<u>(37,676)</u>
TOTAL REVENUES	<u>5,545,720</u>	<u>5,754,310</u>	<u>208,590</u>

Town of Edenton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government:			
Elected officials			
Salaries and employee benefits		38,754	
Training and travel		13,298	
Total	54,854	52,052	2,802
Administration			
Salaries and employee benefits		298,619	
Other operating expenses		345,348	
Capital outlay		-	
Total	667,478	643,967	23,511
Inspections:			
Salaries and employee benefits		78,588	
Other operating expenses		31,343	
Total	138,498	109,931	28,567
Total general government	860,830	805,950	54,880
Public Safety:			
Police:			
Salaries and employee benefits		1,392,494	
Other operating expenses		90,491	
Capital outlay		-	
Total	1,601,996	1,482,985	119,011
Fire:			
Salaries and employee benefits		712,151	
Other operating expenses		156,687	
Capital outlay		25,264	
Total	991,990	894,102	97,888
Total public safety	2,593,986	2,377,087	216,899
Transportation and utilities			
Street:			
Salaries and employee benefits		228,920	
Other operating expenses		321,253	
Capital outlay		-	
Total	712,280	550,173	162,107
Garage:			
Salaries and employee benefits		145,925	
Other operating expenses		118,445	
Capital outlay		56,507	
Total	377,689	320,877	56,812
Total transportation and utilities	1,089,969	871,050	218,919

Town of Edenton, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Sanitation			
Salaries and employee benefits		319,975	
Other operating expenses		85,792	
Capital outlay		-	
Total	466,714	405,767	60,947
Mosquito Control			
Salaries and employee benefits		1,047	
Other operating expenses		3,219	
Total	5,668	4,266	1,402
Cemetery:			
Salaries and employee benefits		334,442	
Other operating expenses		130,578	
Capital outlay		25,000	
Total	570,441	490,020	80,421
Total environmental protection	1,042,823	900,053	142,770
Economic and physical development:			
Main Street Program			
Other operating expenses		20,956	
Capital Outlay		-	
Total economic and physical development	40,630	20,956	19,674
Debt Service:			
Principal retirement		272,894	
Interest expense		57,844	
Total	332,613	330,738	1,875
TOTAL EXPENDITURES	5,960,851	5,305,834	655,017
Revenues over (under) Expenditures	(415,131)	448,476	863,607
Other financing sources (uses):			
Sale of capital assets		15,525	
Insurance Recovery		27,066	
Transfers Out		(517,113)	
Transfers In		333,560	
Fund balance appropriated		-	
Total Other Financing Sources (Uses)	415,131	(140,962)	(556,093)
Net change in fund balance	\$ -	307,514	\$ 307,514
Fund balances:			
Beginning of year, July 1		3,533,253	
End of year, June 30		\$ 3,840,767	

NON-MAJOR GOVERNMENTAL FUNDS

Town of Edenton, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	NC Housing Finance Grant Fund	Coronavirus Relief Fund	FEMA Proceeds Fund	Total Nonmajor Special Revenue Funds	Governmental Special Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:							
Cash and cash equivalents	\$ -	\$ 99,521	\$ 111,741	\$ 211,262	\$ -	\$ -	\$ 211,262
Accounts receivable, net	-	1,829	-	1,829	1,906	1,906	3,735
Due from other governments	-	-	-	-	-	-	-
Total Assets	-	101,350	111,741	213,091	1,906	1,906	214,997
Liabilities and Fund Balances:							
Current liabilities:							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Fund Balances:							
Restricted							
Stabilization by State Statue	-	1,829	-	1,829	1,906	1,906	3,735
Unrestricted	-	99,521	111,741	211,262	-	-	211,262
Total fund balances	-	101,350	111,741	213,091	1,906	1,906	214,997
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 101,350	\$ 111,741	\$ 213,091	\$ 1,906	\$ 1,906	\$ 214,997

Town of Edenton, North Carolina
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021

	NC Housing Finance Grant	Coronavirus Relief Fund	FEMA Proceeds Fund	Total Nonmajor Special Revenue Funds	Governmental Special Projects Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:							
Restricted intergovernmental	\$ 3,131	\$ 186,866	\$ -	\$ 189,997	\$ 568,552	\$ 568,552	\$ 758,549
Total revenues	<u>3,131</u>	<u>186,866</u>	<u>-</u>	<u>189,997</u>	<u>568,552</u>	<u>568,552</u>	<u>758,549</u>
Expenditures:							
Economic and physical development	3,131	85,516	141,497	230,144	1,520,054	1,520,054	1,750,198
Contingencies	-	-	-	-	41,613	41,613	41,613
Capital outlay	-	-	-	-	251,719	251,719	251,719
Total Expenditures	<u>3,131</u>	<u>85,516</u>	<u>141,497</u>	<u>230,144</u>	<u>1,813,386</u>	<u>1,813,386</u>	<u>2,043,530</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>101,350</u>	<u>(141,497)</u>	<u>(40,147)</u>	<u>(1,244,834)</u>	<u>(1,244,834)</u>	<u>(1,284,981)</u>
Other Financing Sources (Uses):							
Installment purchase proceeds	-	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	1,055,957	1,055,957	1,055,957
Transfers in	-	-	250,613	250,613	248,500	248,500	499,113
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>250,613</u>	<u>250,613</u>	<u>1,304,457</u>	<u>1,304,457</u>	<u>1,555,070</u>
Net change in Fund Balance	-	101,350	109,116	210,466	59,623	59,623	270,089
Fund balances:							
Beginning of Year, July 1	<u>-</u>	<u>-</u>	<u>2,625</u>	<u>2,625</u>	<u>(57,717)</u>	<u>(57,717)</u>	<u>(55,092)</u>
End of year, June 30	<u>\$ -</u>	<u>\$ 101,350</u>	<u>\$ 111,741</u>	<u>\$ 213,091</u>	<u>\$ 1,906</u>	<u>\$ 1,906</u>	<u>\$ 214,997</u>

SPECIAL REVENUE FUNDS

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

Town of Edenton, North Carolina
North Carolina Housing Finance Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted Intergovernmental Revenues:					
Federal grant no. SFRLP 2014	\$	\$ 269,913	\$ 3,131	\$ 273,044	\$
Total restricted intergovernmental	273,044	269,913	3,131	273,044	-
Expenditures:					
Current:					
Economic and physical development:					
Administration		51,955	3,131	55,086	
Rehabilitation		217,958	-	217,958	
Total economic and physical development	273,044	269,913	3,131	273,044	-
Revenues over expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			\$ -		

Town of Edenton, North Carolina
Coronavirus Relief Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
NC Pandemic Recovery Grant	\$ 186,866	\$ 186,866	\$ -
Total restricted intergovernmental	186,866	186,866	-
Expenditures:			
Public health			
Isaias Town Labor	186,866	85,516	101,350
Total Expenditures	186,866	85,516	101,350
Revenues Over (Under) Expenditures	-	101,350	101,350
Other Financing Sources (Uses):			
Transfer in (out)		-	
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	101,350	101,350
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	101,350	\$ 101,350
Fund Balance:			
Beginning of Year, July 1		-	
End of Year, June 30		\$ 101,350	

Town of Edenton, North Carolina
FEMA Proceeds Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
FEMA Proceeds	\$ 368,194	\$ -	\$ (368,194)
Total restricted intergovernmental	<u>368,194</u>	<u>-</u>	<u>(368,194)</u>
Expenditures:			
Economic and physical development:			
Isaias Town Labor		44,116	
Isaias Town Materials		7,343	
Isaias Contract		44,860	
Isaias Town Equipment		45,178	
Total Expenditures	<u>618,807</u>	<u>141,497</u>	<u>477,310</u>
Revenues Over (Under) Expenditures	<u>(250,613)</u>	<u>(141,497)</u>	<u>109,116</u>
Other Financing Sources (Uses):			
Transfer in (out)		250,613	
Total other financing sources (uses)	<u>250,613</u>	<u>250,613</u>	<u>-</u>
Net change in fund balance	-	109,116	109,116
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	109,116	\$ <u>109,116</u>
Fund Balance:			
Beginning of Year, July 1		<u>2,625</u>	
End of Year, June 30		\$ <u>111,741</u>	

CAPITAL PROJECTS FUNDS

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

Town of Edenton, North Carolina
Governmental Special Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
Grants		\$ 568,552	
Total restricted intergovernmental	548,101	568,552	\$ 20,451
Expenditures:			
Economic and physical		1,520,054	
Contingencies		41,613	
Total Contingencies	1,587,905	1,561,667	26,238
Capital Outlay:			
Police Vehicles		116,999	
Street Sweeper		75,121	
Police Rifle Grant		21,600	
Fire Command Vehicle		37,999	
Total Capital Outlay	264,596	251,719	12,877
Total Expenditures	1,852,501	1,813,386	39,115
Revenues Over (Under) Expenditures	(1,304,400)	(1,244,834)	59,566
Other Financing Sources (Uses):			
Installment purchase proceeds		-	
Loan Proceeds		1,055,957	
Transfer in (out)		248,500	
Total other financing sources (uses)	1,304,400	1,304,457	(57)
Net change in fund balance	-	59,623	59,623
Net change in fund balance	\$ -	59,623	\$ 59,623
Fund Balance:			
Beginning of Year, July 1		(57,717)	
End of Year, June 30		\$ 1,906	

PROPRIETARY FUNDS

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

Town of Edenton, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services:			
Electricity sales	\$	\$ 11,686,353	\$
Penalties		61,225	
Pole rent		27,559	
Sale of merchandise and scrap		23,680	
Connection fees and services		44,976	
Miscellaneous		39,387	
Total operating revenues	<u>12,157,104</u>	<u>11,883,180</u>	<u>(273,924)</u>
Nonoperating Revenues			
Investment earnings		-	
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>12,157,104</u>	<u>11,883,180</u>	<u>(273,924)</u>
Expenditures:			
Electric Administration:			
Salaries and employee benefits		447,578	
Contracted services		9,587	
Services		471,835	
Industrial development		40,000	
Maintenance and repair		43,538	
Other operating expenses		164,011	
Total electric administration	<u>1,186,439</u>	<u>1,176,549</u>	<u>9,890</u>
Billing and Collection:			
Salaries and employee benefits		184,175	
Other operating expenses		52,048	
Total billing and collection	<u>243,497</u>	<u>236,223</u>	<u>7,274</u>
Electric Power			
Salaries and employee benefits		330,875	
Electricity purchases		8,124,025	
Other operating expenses		1,183,111	
Total electric power	<u>9,810,318</u>	<u>9,638,011</u>	<u>172,307</u>

Town of Edenton, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Debt service:			
Debt principal		42,639	
Interest and fees		5,665	
Total debt service	48,305	48,304	1
Capital Outlay			
System Expansion		176,914	
Equipments		198,561	
Vehicles		213,195	
Total capital outlay	610,841	588,670	22,171
Total Expenditures	11,899,400	11,687,757	211,643
Revenues Over (Under) Expenditures	257,704	195,423	(62,281)
Other Financing Sources and (Uses):			
Transfer Out	(337,194)	(332,218)	4,976
Insurance Recovery	8,798	8,798	-
Gain (Loss) on Sale of Assets	70,692	70,692	-
Fund Balance Appropriated	-	-	-
Total Other Financing Sources (Uses)	(257,704)	(252,728)	4,976
Revenues and Other Sources Over (Under) Expenses and Other Uses	-	(57,305)	(57,305)

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

Revenues, Other Sources and Appropriated	
Fund Balance Over (Under)	
Expenditures and Other Uses	\$ (57,305)
Reconciling items:	
Capital Outlay	588,670
Change in accrued vacation pay	(8,320)
(Increase) decrease in net pension liability	(100,430)
Increase (decrease) in deferred outflows of resources for pensions	73,331
(Increase) decrease in deferred inflows of resources for pensions	5,905
Change in inventory	123,865
Change in accrued OPEB	(36,009)
Depreciation	(218,694)
Total reconciling items	428,318
Change in net position	\$ 371,013

Town of Edenton, North Carolina
Airport Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services:			
Hangar rentals	\$	\$ 35,332	\$
Sale of fuel		143,488	
Other operating revenue		65,408	
Total operating revenues	<u>248,503</u>	<u>244,228</u>	<u>(4,275)</u>
Nonoperating Revenues			
Restricted intergovernmental			
Federal and state grants		13,000	
Total non-operating revenues	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Total Revenues	<u>261,503</u>	<u>257,228</u>	<u>(4,275)</u>
Expenditures:			
Administration			
Salaries and employee benefits		50,820	
Insurance		8,808	
Fuel Purchases		94,454	
Repairs & Maintenance		55,519	
Other operating expenses		50,490	
Total administration	<u>279,503</u>	<u>260,091</u>	<u>19,412</u>
Plane Expenses			
Fuel Purchases		-	
Repairs & Maintenance		-	
Other operating expenses		-	
Total plane expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>279,503</u>	<u>260,091</u>	<u>19,412</u>
Revenues Over (Under) Expenditures	<u>(18,000)</u>	<u>(2,863)</u>	<u>15,137</u>
Other Financing Sources and (Uses):			
Transfers In	-	18,000	
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	<u>-</u>	<u>15,137</u>	<u>15,137</u>

Town of Edenton, North Carolina
Airport Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues, Other Sources and Appropriated			
Fund Balance Over (Under)			
Expenditures and Other Uses		\$ 15,137	
Reconciling items:			
Capital Outlay		-	
Other revenues from capital projects		531,947	
Other expenses from capital projects		-	
Change in accrued vacation pay		-	
(Increase) decrease in net pension liability		-	
Increase (decrease) in deferred outflows of resources for pensions		1,439	
(Increase) decrease in deferred inflows of resources for pensions		236	
Change in inventory		(2,122)	
Change in accrued OPEB		(2,118)	
Depreciation		(196,555)	
Total reconciling items		332,827	
Change in net position		\$ 347,964	

Town of Edenton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services:			
Charges for water and sewer	\$	\$ 2,348,022	\$
Other operating revenues		15,208	
Total operating revenues	<u>2,426,330</u>	<u>2,363,230</u>	<u>(63,100)</u>
Non-operating Revenues			
Sale of merchandise and scrap		19,908	
Contribution from Chowan County		26,662	
Rents		94,899	
Interest earned		-	
Total non-operating revenues	<u>93,304</u>	<u>141,469</u>	<u>48,165</u>
Total Revenues	<u>2,519,634</u>	<u>2,504,699</u>	<u>(14,935)</u>
Expenditures:			
Water operations:			
Salaries and employee benefits		100,459	
Services		103,487	
Utilities		44,729	
Repairs & Maintenance		13,299	
Other operating expenses		249,438	
Total water operations	<u>538,910</u>	<u>511,412</u>	<u>27,498</u>
Sewage Collections			
Salaries and employee benefits		400,691	
Utilities		131,742	
Repairs & Maintenance		138,711	
Chemicals		3,722	
Other operating expenses		104,994	
Total sewage collections	<u>789,388</u>	<u>779,860</u>	<u>9,528</u>
Water and Sewer Line Maintenance			
Salaries and employee benefits		502,016	
Repairs & Maintenance		226,211	
Other operating expenses		39,249	
Total water and sewer line maintenance	<u>786,887</u>	<u>767,476</u>	<u>19,411</u>
Debt Service			
Debt principal		141,926	
Interest and fees		54,904	
Total debt service	<u>216,176</u>	<u>196,830</u>	<u>19,346</u>
Capital Outlay			
Vehicles		25,000	
Tools & Equipment		215,831	
Total Capital Outlay	<u>465,324</u>	<u>240,831</u>	<u>224,493</u>
Total Expenditures	<u>2,796,685</u>	<u>2,496,409</u>	<u>300,276</u>
Revenues Over (Under) Expenditures	<u>(277,051)</u>	<u>8,290</u>	<u>285,341</u>
Other Financing Sources and (Uses):			
Transfers in (out)		-	-
Total Other Financing Sources (Uses)	<u>277,051</u>	<u>-</u>	<u>(277,051)</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	<u>-</u>	<u>8,290</u>	<u>8,290</u>

Town of Edenton, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	2021		Variance
	Final Budget	Actual	Positive (Negative)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues, Other Sources and Appropriated			
Fund Balance Over (Under)			
Expenditures and Other Uses		\$ 8,290	
Reconciling items:			
Capital Outlay		240,831	
Principal payments		141,926	
Change in accrued vacation pay		(12,707)	
(Increase) decrease in net pension liability		(88,615)	
Increase (decrease) in deferred outflows			
of resources for pensions		64,704	
Capital contributions in the Water and Sewer Capital Projects		858,611	
Other expenses from Water and Sewer Capital Projects		(301,265)	
(Increase) decrease in deferred inflows			
of resources for pensions		5,209	
Change in accrued OPEB		(31,772)	
Change in inventory		21,655	
Depreciation		(324,986)	
Total reconciling items		573,591	
Change in net position		\$ 581,881	

Town of Edenton, North Carolina
Electric Fund Small Capital Projects
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Non-operating revenue					
Investment Earnings	\$	\$	\$ 146	\$ 146	\$
Total non-operating revenue		-	146	146	146
Expenditures:					
Capital outlay		-	-	-	
Total		-	-	-	-
Revenues over (under) expenditures	-	-	146	146	146
Other Financing Sources (Uses):					
Long-term debt issued				-	-
Total	-	-	-	-	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ 146	\$ 146	\$ 146

Town of Edenton, North Carolina
Waste Water Treatment Plant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Non-operating revenue					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-operating revenue	-	-	-	-	-
Expenditures:					
Capital outlay	378,154	306,382	-	306,382	71,772
Operating Expenses	32,836	-	32,836	32,836	-
Total	410,990	306,382	32,836	339,218	71,772
Revenues over (under) expenditures	(410,990)	(306,382)	(32,836)	(339,218)	71,772
Other Financing Sources (Uses):					
Long-term debt issued	410,990	-	-	-	(410,990)
Total	410,990	-	-	-	(410,990)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (306,382)	\$ (32,836)	\$ (339,218)	\$ (339,218)

Town of Edenton, North Carolina
Waste Water Abatement Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
N.C. Department of Commerce Grant	\$ 187,995	\$ 84,004	\$ 51,227	\$ 135,231	\$ (52,764)
Local Funds	40,000	40,008	-	40,008	8
Total non-operating revenue	<u>227,995</u>	<u>124,012</u>	<u>51,227</u>	<u>175,239</u>	<u>(52,756)</u>
Expenditures:					
Loan Fee	22,000	22,000	-	22,000	-
Capital outlay	1,305,995	461,584	695,174	1,156,758	149,237
Total	<u>1,327,995</u>	<u>483,584</u>	<u>695,174</u>	<u>1,178,758</u>	<u>149,237</u>
Revenues over (under) expenditures	<u>(1,100,000)</u>	<u>(359,572)</u>	<u>(643,947)</u>	<u>(1,003,519)</u>	<u>96,481</u>
Other Financing Sources (Uses):					
Transfers In	103,611	-	63,611	63,611	(40,000)
Long-term debt issued	996,389	379,000	614,591	993,591	(2,798)
Total	<u>1,100,000</u>	<u>379,000</u>	<u>678,202</u>	<u>1,057,202</u>	<u>(42,798)</u>
Revenues and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>19,428</u>	\$ <u>34,255</u>	\$ <u>53,683</u>	\$ <u>53,683</u>

Town of Edenton, North Carolina
Water Treatment Plants Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
U.S.D.A. Grant	\$ 1,115,149	\$ 424,216	\$ 690,784	\$ 1,115,000	\$
Total non-operating revenue	<u>1,115,149</u>	<u>424,216</u>	<u>690,784</u>	<u>1,115,000</u>	<u>(149)</u>
Expenditures:					
Professional Services	503,500	10,565	-	10,565	
Interest	135,556	135,555	-	135,555	
Capital outlay	<u>3,117,093</u>	<u>3,328,415</u>	<u>281,464</u>	<u>3,609,879</u>	
Total	<u>3,756,149</u>	<u>3,474,535</u>	<u>281,464</u>	<u>3,755,999</u>	<u>150</u>
Revenues over (under) expenditures	<u>(2,641,000)</u>	<u>(3,050,319)</u>	<u>409,320</u>	<u>(2,640,999)</u>	<u>1</u>
Other Financing Sources (Uses):					
Short-term debt issued	<u>2,641,000</u>	<u>2,641,000</u>	<u>-</u>	<u>2,641,000</u>	<u>-</u>
Total	<u>2,641,000</u>	<u>2,641,000</u>	<u>-</u>	<u>2,641,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (409,319)</u>	<u>\$ 409,320</u>	<u>\$ 1</u>	<u>\$ 1</u>

Town of Edenton, North Carolina
Water Supply Well Rehab Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
NC Department of Commerce	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-operating revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Capital outlay	1,854,924	57,981	48,398	106,379	1,748,545
Professional Services	-	-	-	-	-
Total	<u>1,854,924</u>	<u>57,981</u>	<u>48,398</u>	<u>106,379</u>	<u>1,748,545</u>
Revenues over (under) expenditures	<u>(1,854,924)</u>	<u>(57,981)</u>	<u>(48,398)</u>	<u>(106,379)</u>	<u>1,748,545</u>
Other Financing Sources (Uses):					
Short-term debt issued	1,854,924	-	69,500	69,500	(1,785,424)
Total	<u>1,854,924</u>	<u>-</u>	<u>69,500</u>	<u>69,500</u>	<u>(1,785,424)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ (57,981)</u>	<u>\$ 21,102</u>	<u>\$ (36,879)</u>	<u>\$ (36,879)</u>

Town of Edenton, North Carolina
NCDEQ Grant Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
NCDEQ Proceeds	\$ 1,038,250	\$ -	\$ 16,850	\$ 16,850	\$ (1,021,400)
Grants	-	184,812	99,750	284,562	284,562
Total non-operating revenue	<u>1,038,250</u>	<u>184,812</u>	<u>116,600</u>	<u>301,412</u>	<u>(736,838)</u>
Expenditures:					
Professional Services	840,250	79,644	268,429	348,073	492,177
Capital outlay	394,644	2,250	272,745	274,995	119,649
Total	<u>1,234,894</u>	<u>81,894</u>	<u>541,174</u>	<u>623,068</u>	<u>611,826</u>
Revenues over (under) expenditures	<u>(196,644)</u>	<u>102,918</u>	<u>(424,574)</u>	<u>(321,656)</u>	<u>(125,012)</u>
Other Financing Sources (Uses):					
Short-term debt issued	-	-	-	-	-
Transfers In	196,644	-	194,394	194,394	(2,250)
Total	<u>196,644</u>	<u>-</u>	<u>194,394</u>	<u>194,394</u>	<u>(2,250)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 102,918</u>	<u>\$ (230,180)</u>	<u>\$ (127,262)</u>	<u>\$ (127,262)</u>

Town of Edenton, North Carolina
Parallel Taxiway Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Restricted intergovernmental					
Grant Proceeds	\$ 744,609	\$ 49,865	\$ 531,947	\$ 581,812	\$ (162,797)
Total non-operating revenue	<u>744,609</u>	<u>49,865</u>	<u>531,947</u>	<u>581,812</u>	<u>(162,797)</u>
Expenditures:					
Capital outlay	<u>744,609</u>	<u>49,865</u>	<u>531,943</u>	<u>581,808</u>	<u>162,801</u>
Total	<u>744,609</u>	<u>49,865</u>	<u>531,943</u>	<u>581,808</u>	<u>162,801</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>4</u>
Other Financing Sources (Uses):					
Short-term debt issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 4</u>
Fund Balance:					
Beginning of Year, July 1			<u>-</u>		
End of Year, June 30			<u>\$ 4</u>		

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Edenton, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 2,304,921	\$ 2,282,562	\$ 22,359
2019-2020	25,877	-	15,386	10,491
2018-2019	14,488	-	6,888	7,600
2017-2018	5,695	-	1,525	4,170
2016-2017	4,306	-	1,088	3,218
2015-2016	3,244	-	362	2,882
2014-2015	3,643	-	57	3,586
2013-2014	2,728	-	(1,114)	3,842
2012-2013	2,642	-	(1,793)	4,435
2011-2012	5,575	-	5,575	-
TOTALS	\$ <u>68,198</u>	\$ <u>2,304,921</u>	\$ <u>2,310,536</u>	\$ <u>62,583</u>

Less: Allowance for uncollectable taxes (4,914)

Ad valorem taxes - General Fund \$ 57,669

Reconciliation with revenues:

Ad valorem taxes - General Fund \$ 2,319,853

Reconciling items:

Penalties and Interest (9,317)

Releases -

Total Reconciling Items (9,317)

Total Collections and Credits \$ 2,310,536

Town of Edenton, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 598,680,779	0.3850%	\$ 2,304,921	\$ 2,021,098	\$ 283,823
Total Original Levy	<u>598,680,779</u>		<u>2,304,921</u>	<u>2,021,098</u>	<u>283,823</u>
 Total for Year	 \$ <u>598,680,779</u>		 2,304,921	 2,021,098	 283,823
 Uncollected taxes at June 30, 2021			 (22,359)	 (22,359)	 -
 Current year's taxes collected			 \$ <u>2,282,562</u>	 \$ <u>1,998,739</u>	 \$ <u>283,823</u>
 Current levy collection percentage			 <u>99.03%</u>	 <u>98.89%</u>	 <u>100.00%</u>

COMPLIANCE SECTION



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Edenton, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Edenton's basic financial statements, and have issued our report thereon dated December 1, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, listed as 2021-001.

Compliance and Other Matters

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

Town of Edenton's Response to Findings

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

Purpose of this Report

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

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

*Wilmington, North Carolina
December 1, 2021*



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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Edenton, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Edenton's major federal programs for the year ended June 30, 2021. The Town of Edenton major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Edenton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Edenton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our

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

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

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

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

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

Wilmington, North Carolina

December 1, 2021



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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Town of Edenton, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Edenton's major state programs for the year ended June 30, 2021. The Town of Edenton's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Edenton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

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

Wilmington, North Carolina

December 1, 2021

Section I. Summary of Auditor's Results

Town of Edenton, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I. Summary of Auditor's Results

State Awards

Internal control over major State programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant Deficiency(s) identified? ☐ yes ☒ None Reported

Type of report the auditor issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required
to be reported in accordance with the State Single Audit
Implementation Act? ☐ yes ☒ No

Identification of major State programs:

Program name

Connect NC Bond
Rural Infrastructure Program

Town of Edenton, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

2021 – 001 Segregation of Duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Town personnel. This is especially a concern in the cash management.

Effect: Transactions could be mishandled.

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-001.

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

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

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.



Town of Edenton, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2021

Section II – Financial Statement Findings

Finding: 2021 – 001 Segregation of Duties

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

Corrective Action: Duties and functions will be reviewed to determine where segregation needs to occur. The duties will be separated as much as possible and alternative controls will be implemented to compensate for lack of segregation. However, the risk of not segregated certain duties are not worth the additional costs. Nonfinancial employees will be trained and provide some assistance.

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

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

Town of Edenton, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2021

2020 - 001 Status: Still occurring.

2019 - 001 Status: Corrected.

2018 – 001 Status: Corrected.

2018 – 002 Status: Repeated.

2018 – 003 Status: Corrected.

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

Grantor/Pass-through Grantor/Program Title	Federal AL#/ CFDA No.	State/ Pass-through Grantor's No.	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Provided to subrecipients
Federal Grants:					
Cash Programs:					
<u>U.S. Dept. of Agriculture</u>					
Community Facilities Loans and Grants 3 (Note 4)	10.766		\$ 1,553,129	\$ -	\$ -
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Housing Finance Agency: Single Family Rehabilitation	14.239	SFRLP 1410	3,131	-	-
<u>U.S. Department of the Interior</u>					
Historic Preservation Fund - National Park Service - Certified Local Government Program Passed-through the N.C. Department of Natural and Cultural Resources State Historic Preservation Grant	15.904		15,000	-	-
<u>U.S. Dept. of Justice</u>					
Passed-through the N.C. Dept. of Public Safety: Edward Byrne Memorial Justice Assistance Grant	16.738		21,600	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Airport Improvement Program	20.106	36237.15.14.1	156,369	-	-
Airport Improvement Program	20.106	36237.15.15.1	13,000	-	-
Airport Improvement Program	20.106	36237.15.16.1	239,180	-	-
<u>U. S. Department of Treasury</u>					
Passed-through the Office of State Budget and NC Pandemic Recovery Office Coronavirus Relief Fund	21.019		85,516	-	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		141,497	-	-
Total assistance - federal programs			<u>2,228,422</u>	<u>-</u>	<u>-</u>
State Grants:					
Cash Assistance:					
<u>N.C. Department of Environmental Quality</u>					
Connect NC Bond (Note 4)		E-SRP-W-17-0059	-	643,947	-
N.C. Clean Water Revolving Loan & Grant Program Asset Inventory & Assessment Grant		H-AIA-D-19-0159	-	179,898	-
Division of Coastal Management Public Beach & Coastal Waterfront Access Program		DEQ-22	-	141,245	-
Division of Water Resources State-Local Projects		DEQ-19	-	253,394	-
Golden Leaf Foundation			-	51,227	
<u>N.C. Department of Commerce:</u>					
Rural Infrastructure Program		COM-9	-	400,000	400,000
Edenton Industrial Park Waterline Extension		U-507	-	15,035	-
<u>N.C. Department of Transportation:</u>					
Powell Bill		32570	-	223,075	-
Airport Improvement Program		36237.15.14.1	-	17,375	-
Airport Improvement Program		36244.22.8.1	-	92,444	-
Airport Improvement Program		36237.15.16.1	-	26,575	-
Total assistance - State programs			<u>-</u>	<u>2,044,214</u>	<u>400,000</u>
Total assistance			<u>\$ 2,228,422</u>	<u>\$ 2,044,214</u>	<u>\$ 400,000</u>

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

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Edenton under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Edenton, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Edenton.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

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

Note 4: Loans Outstanding

The Town of Edenton had the following loan balances outstanding at June 30, 2021 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2021 consist of:

<u>Program Title</u>	<u>AL#/ CFDA No.</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Connect NC Bond		E-SRP-W-2017- 00000059-4W	\$ 1,045,000
Community Facilities Loans and Grants	10.766	38-021-566001216	\$ 3,034,723