

REVIEWED

By SLGFD at 4:32 pm, Dec 16, 2021

TOWN OF NEW LONDON

NORTH CAROLINA

Audited Financial Statements

For the Fiscal Year Ended June 30, 2021

Town Board Members

Tate Daniels, Mayor
Johnny Chestnut, Mayor Pro Tem
Marcus Mullis
Christy Starnes
Bill Peak
Richard Kimmer

Administrative and Financial Staff

Susan Almond, Town Clerk

TOWN OF NEW LONDON, NORTH CAROLINA

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of Town Commissioners
Town of New London, 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 New London, 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. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New London, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 and the Local Government Employees' Retirement System's Schedule of Proportionate Share of Net Pension Liability and Contributions on page 41 and 42 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 New London, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules, are the responsibility of management and were derived from and relates 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ann R. Craven, CPA, PLLC

Ann R. Craven, CPA, PLLC
Greensboro, NC
November 24, 2021

Management's Discussion and Analysis

As management of the Town of New London, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of New London 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

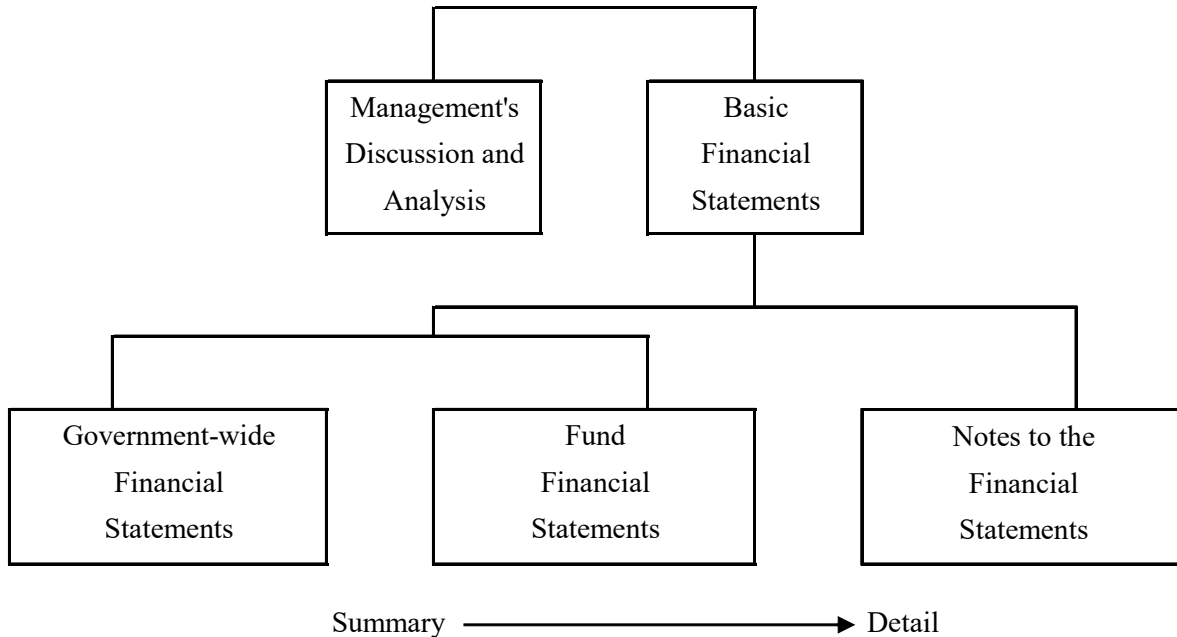
- The assets of the Town of New London exceeded its liabilities at the close of the fiscal year by \$10,260,943 (net position).
- The government's total net position increased by \$503,649, which is mainly due to conservative budget practices.
- As of the close of the current fiscal year, the Town of New London's governmental funds reported combined ending fund balances of \$3,834,806 an increase of \$951,920. Approximately 91.9% of this total amount or \$3,522,703 is available for spending at the government's discretion (unassigned fund balance).
- The assets of the Town of New London's proprietary fund exceeded its liabilities at the close of the fiscal year by \$1,796,499.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of New London'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 New London.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have 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; 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, cultural and recreation, and general administration. Property taxes, other taxes, and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide.

Government-wide Financial Statements - Continued

These include the water and sewer services offered by the Town of New London. 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 New London, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of New London can be divided into two categories: governmental funds and proprietary funds.

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

The Town of New London 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 Commissioners 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 of New London has one different kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of New London uses enterprise funds to account for its water and sewer activity. This fund is 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. The notes to the financial statements begin on page 22 of this report.

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 the Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

The Town of New London's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,850,768	\$ 3,067,254	\$ 388,694	\$ 859,197	\$ 4,239,462	\$ 3,926,451
Capital assets	4,634,362	4,487,360	1,440,165	1,507,721	6,074,527	5,995,082
Deferred outflows of resources	16,168	16,168	-	-	16,168	\$ 16,168
Total assets	8,501,299	7,570,782	1,828,859	2,366,918	10,330,158	9,937,701
Current and long-term liabilities	38,252	150,459	32,360	29,947	70,612	180,406
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities	38,252	150,459	32,360	29,947	70,612	180,406
Net position:						
Invested in capital assets	4,634,362	4,487,360	1,440,165	1,507,721	6,074,527	5,995,082
Restricted	245,235	241,691	13,502	13,502	258,737	255,193
Unrestricted	3,584,847	2,691,272	342,832	815,748	3,927,679	3,507,020
Total net position	\$ 8,464,444	\$ 7,420,323	\$ 1,796,499	\$ 2,336,971	\$ 10,260,943	\$ 9,757,295

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of New London exceeded liabilities by \$10,260,943 as of June 30, 2021. The Town's net position increased by \$503,649 for the fiscal year ended June 30, 2021. However, the largest portion (59.2%) reflects the Town's investment in capital assets (e.g. land, buildings and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of New London uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of New London's net position \$3,520,202 (38.28%) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.68%, which is roughly 1% higher than the recent statewide average of 98.6%.

Town of New London Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 6,255	\$ 1,500	\$ 290,429	\$ 279,264	\$ 296,684	\$ 280,764
Operating grants and contributions	48,260	269,404	-	-	48,260	269,404
General revenues:						
Property taxes	223,166	200,188	-	-	223,166	200,188
Grants and contributions not restricted to specific programs	409,673	369,796	-	-	409,673	369,796
Other	279,633	18,572	693	2,579	280,326	21,151
Total revenues	966,987	859,460	291,122	281,843	1,258,109	1,141,303
Expenses:						
General government	232,819	200,215	-	-	232,819	200,215
Public safety	18,014	17,167	-	-	18,014	17,167
Transportation	101,353	105,537	-	-	101,353	105,537
Environmental protection	42,412	42,504	-	-	42,412	42,504
Culture and recreation	28,268	34,649	-	-	28,268	34,649
Waste and sewer	-	-	331,594	299,053	331,594	299,053
Total expenses	422,866	400,072	331,594	299,053	754,460	699,125
Increase(decrease) in net position before transfer	544,121	459,388	(40,472)	(17,210)	503,649	442,178
Transfers (net)	500,000	-	(500,000)	-	-	-
Increase and decrease in net position	1,044,121	459,388	(540,472)	(17,210)	503,649	442,178
Net position, beginning	7,420,323	6,960,935	2,336,971	2,354,181	9,757,294	9,315,116
Net position, ending	\$ 8,464,444	\$ 7,420,323	\$ 1,796,499	\$ 2,336,971	\$ 10,260,943	\$ 9,757,294

Governmental activities - Governmental activities increased the Town's net position by \$1,044,121 which was mainly increased due to a slow but steady rise in property taxes and in intergovernmental revenue such as franchise taxes and local option sales taxes in addition to Parks, Recreation Trust Fund Grant of \$27,500 received from the State of North Carolina, and a transfer in of \$500,000 from the Water Sewer Fund.

Business-type activities - Business-type activities decreased the Town of New London's net position by \$540,472, mainly due to a transfer out of \$500,000 to the General Fund.

Financial Analysis of the Town Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year unassigned fund balance of the General Fund was \$3,522,703 while total fund balance reached \$3,767,938. The Town reserves ten percent of total expenditures in order to maintain an adequate cash flow in the General Fund. The Fund Balance available for appropriation should not drop below ten percent (10.0%) of total expenditures. This represents approximately one month's average expenditures. The Town currently has an available fund balance of 1134.47% of general fund expenditures, while total fund balance represents 1213.44% of the same amount.

At June 30, 2021, the governmental funds of the Town of New London reported a combined fund balance of \$3,834,806.

General Fund Budgetary Highlights - The Town chooses to revise the budget annually each year as needed. Several budget amendments were made in the current year. 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 object level for the multi-year funds. Revenues were higher than budgeted amounts primarily due to increase in franchise distribution and property taxes. Expenditures were held in check to comply with its budgetary requirements.

During the fiscal year ended June 30, 2017, the Town provided an interest-free loan of \$200,000 to the New London Volunteer Fire Department to purchase new equipment in recognition of the fact that public safety is vital to the community. The Fire Department has been very diligent in making their payments on the four-year loan. At June 30, 2021, there are no remaining payments to be received.

Town of New London was awarded a grant from the North Carolina Parks and Recreation Trust Fund in the amount of \$275,000 to develop a 22-acre tract of the Town's land into a park. In June, 2019 the Town council approved a match of this grant with \$500,000 to fund the park project for the benefit of the Town residents. During the fiscal year ended June 30, 2020, the Town council approved additional transfers from the General Fund to bring the total project authorization to \$1,350,492 at June 30, 2020. The project was completed during the year ended June 30, 2021 for a total cost of \$1,355,518.

Proprietary Funds - The Town of New London's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the water and sewer fund at the end of the fiscal year amounted to \$342,832. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets - The Town of New London's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$6,074,527 (net of accumulated depreciation). These assets include buildings, land, furniture and equipment, park facilities and infrastructure.

Town of New London's Capital Assets

Net of Depreciation

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 299,567	\$ 299,567	\$ 6,500	\$ 6,500	\$ 306,067	\$ 306,067
Buildings	238,294	250,084	-	-	238,294	250,084
Furniture and equipment	27,484	44,839	-	-	27,484	44,839
Infrastructure	2,664,872	2,733,660	-	-	2,664,872	2,733,660
Park	1,404,145	56,468	-	-	1,404,145	56,468
Water line project	-	-	83,919	86,791	83,919	86,791
Plant and distribution system	-	-	1,349,746	1,414,430	1,349,746	1,414,430
Construction in progress	-	1,102,742	-	-	-	1,102,742
Total	\$ 4,634,362	\$ 4,487,360	\$ 1,440,165	\$ 1,507,721	\$ 6,074,527	\$ 5,995,082

Additional information on the Town's capital assets can be found in Note 2 of the Basic Financial Statements.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities - Property taxes and revenues are expected to remain steady as compared to the current year. No further PARTF funds are anticipated for the project that was completed in 2021. Budgeted expenditures in the General Fund are expected to decrease somewhat primarily due to the Town's obligation relating to the above noted PARTF project.

Business – type Activities - The Enterprise Fund is expected to remain steady compared to the current year.

Requests for Information - This report is designed to provide an overview of the **Town of New London** 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 Town Clerk, Susan Almond, Post Office Box 191, New London, North Carolina 28127, (704) 463-5423, clerk@newlondonnc.org.

BASIC FINANCIAL STATEMENTS

TOWN OF NEW LONDON, NORTH CAROLINA

Exhibit 1

Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,612,031	\$ 356,220	\$ 3,968,251
Taxes receivable	1,652	-	1,652
Accounts receivable	-	19,839	19,839
Due from other governments	65,326	-	65,326
Due from other funds	-	-	-
Current portion notes receivable	-	-	-
Restricted cash and cash equivalents	171,759	12,635	184,394
Total current assets	<u>3,850,768</u>	<u>388,694</u>	<u>4,239,462</u>
Capital assets:			
Land, non-depreciable improvements, and construction in progress	299,567	6,500	306,067
Other capital assets, net of depreciation	4,334,795	1,433,665	5,768,460
Total capital assets	<u>4,634,362</u>	<u>1,440,165</u>	<u>6,074,527</u>
Total assets	<u>8,485,131</u>	<u>1,828,859</u>	<u>10,313,990</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	12,516	-	12,516
Contributions to pension plan in current fiscal year	5,050	-	5,050
Total deferred outflows of resources	<u>17,566</u>	<u>-</u>	<u>17,566</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	14,310	19,725	34,035
Due to other funds	-	-	-
Customer deposits	-	12,635	12,635
Total current liabilities	<u>14,310</u>	<u>32,360</u>	<u>46,670</u>
Long-term liabilities:			
Pension liability - LGERS	23,942	-	23,942
Total long-term liabilities	<u>23,942</u>	<u>-</u>	<u>23,942</u>
Total liabilities	<u>38,252</u>	<u>32,360</u>	<u>70,612</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net invested in capital assets	4,634,362	1,440,165	6,074,527
Restricted	245,235	13,502	258,737
Unrestricted	3,584,847	342,832	3,927,679
Total net position	<u>\$ 8,464,444</u>	<u>\$ 1,796,499</u>	<u>\$ 10,260,943</u>

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

TOWN OF NEW LONDON, NORTH CAROLINA

*Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental Activities:			
General government	\$ 232,819	\$ 6,255	\$ -
Public safety	18,014	-	-
Transportation	101,353	-	20,760
Environmental protection	42,412	-	-
Cultural and recreational	28,268	-	27,500
Total governmental activities	<u>422,866</u>	<u>6,255</u>	<u>48,260</u>
Business-type Activities:			
Water and sewer	<u>331,594</u>	<u>290,429</u>	<u>-</u>
Total business-type activities	<u>331,594</u>	<u>290,429</u>	<u>-</u>
Total primary government	<u>\$ 754,460</u>	<u>\$ 296,684</u>	<u>\$ 48,260</u>

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

Program Revenues Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position Primary Government		Total
	Governmental Activities	Business Type Activities	
\$ -	\$ (226,564)	\$ -	\$ (226,564)
-	(18,014)	-	(18,014)
-	(80,593)	-	(80,593)
-	(42,412)	-	(42,412)
-	(768)	-	(768)
-	(368,351)	-	(368,351)
-	-	(41,165)	(41,165)
-	-	(41,165)	(41,165)
\$ -	\$ (368,351)	\$ (41,165)	\$ (409,516)
General revenues:			
Property taxes, levied for general purposes	223,166	-	223,166
Other taxes and licenses		-	-
Unrestricted intergovernmental revenue	409,673	-	409,673
Miscellaneous	27,379		27,379
Unrestricted investment earnings	252,254	693	252,947
Total general revenues not including transfers	912,472	693	913,165
Transfers	500,000	(500,000)	-
Changes in net position	1,044,121	(540,472)	503,649
Net position, beginning	7,420,323	2,336,971	9,757,294
Net position, ending	\$ 8,464,444	\$ 1,796,499	\$ 10,260,943

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

TOWN OF NEW LONDON, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	Park Capital Project Fund	Cemetery Trust	
ASSETS				
Cash and cash equivalents	\$ 3,545,163	\$ -	\$ 66,868	\$ 3,612,031
Taxes receivable	1,652	-	-	1,652
Due from other governments	65,326	-	-	65,326
Due from other funds	0	-	-	-
Restricted cash	171,759	-	-	171,759
Total assets	3,783,900	-	66,868	3,850,768
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	14,310	-	-	14,310
Due to other funds	-	-	-	-
Total liabilities	14,310	-	-	14,310
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	1,652	-	-	1,652
Total deferred inflows of resources	1,652	-	-	1,652
FUND BALANCES				
Nonspendable balances	-	-	66,868	66,868
Restricted for:				
Stabilization by state statute	73,476	-	-	73,476
Streets - Powell Bill	171,759	-	-	171,759
Assigned				
Subsequent year's expenditures	-	-	-	-
Unassigned	3,522,703	-	-	3,522,703
Total fund balances	3,767,938	-	66,868	3,834,806
Total liabilities, deferred inflows of resources and fund balances	\$ 3,783,900	\$ -	\$ 66,868	\$ 3,850,768

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

TOWN OF NEW LONDON, NORTH CAROLINA

**Exhibit 3
Continued**

***Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2021***

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

Total Fund Balance, Governmental Funds	\$ 3,834,806
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Gross capital assets at historical cost	5,841,681
Accumulated depreciation	<u>(1,207,319)</u>
	4,634,362
Property taxes receivable are not available to pay for current-period expenditures and, therefore, are inflows of resources in the funds.	1,652
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	5,050
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds:	
Pension related liabilities and deferrals, net	(11,427)
Other assets (note receivable) are not reported in the funds.	<u>-</u>
Total Net Position, Governmental Activities	<u>\$ 8,464,444</u>

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

TOWN OF NEW LONDON, NORTH CAROLINA

Exhibit 4

*Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
For the Fiscal Year Ended June 30, 2021*

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	Park Capital Project Fund	Cemetery Trust	
REVENUES				
Ad valorem taxes	\$ 222,902	\$ -	\$ -	\$ 222,902
Unrestricted intergovernmental	395,476	-	-	395,476
Restricted intergovernmental	21,317	27,500	-	48,817
Sales and services	1,050	-	1,500	2,550
Miscellaneous	95,280	-	-	95,280
Investment earnings	250,291	-	1,406	251,697
Total revenues	986,316	27,500	2,906	1,016,722
EXPENDITURES				
Current:				
General government	197,783	-	1,510	199,293
Public safety	18,014	-	-	18,014
Transportation	32,565	-	-	32,565
Environmental protection	42,412	-	-	42,412
Culture and recreation	19,742	252,776	-	272,518
Total expenditures	310,516	252,776	1,510	564,802
Excess (deficiency) of revenues over expenditures	675,800	(225,276)	1,396	451,920
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(252,776)	252,776	-	-
Transfers from other funds	527,500	(27,500)	-	500,000
Total other financing sources	274,724	225,276	-	500,000
Net change in fund balance	950,524	-	1,396	951,920
Fund balance, beginning	2,817,414	-	65,472	2,882,886
Fund balance, ending	\$ 3,767,938	\$ -	\$ 66,868	\$ 3,834,806

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

TOWN OF NEW LONDON, NORTH CAROLINA

Exhibit 5

***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities of Governmental Funds
For the Fiscal Year Ended June 30, 2021***

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

Net changes in fund balances - total governmental funds	\$ 951,920
---	------------

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 exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 252,776	X
Construction in progress- current year	-	
Depreciation expense for governmental assets	<u>(105,774)</u>	147,002

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,050
--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	264 X
--	-------

Governmental funds report repayments of loans made in prior years as income.

However, in the Statement of Activities, these repayments are applied against the note receivable asset established at the time the loan was made and reduces	(50,000) X
---	------------

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.

(10,116)

Total changes in net position of governmental activities	<u><u>\$ 1,044,121</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF NEW LONDON, NORTH CAROLINA

Exhibit 6

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For Fiscal Year Ended June 30, 2021

	General Fund			Variance with Final Budget- Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 215,000	\$ 215,000	\$ 222,902	\$ 7,902
Unrestricted intergovernmental	323,400	323,400	395,476	72,076
Restricted intergovernmental	23,500	23,500	21,317	(2,183)
Sales and services	300	300	1,050	750
Miscellaneous	79,775	79,775	95,280	15,505
Museum donations	300	300	-	(300)
Investment earnings	6,000	6,000	250,291	244,291
Total revenues	648,275	648,275	986,316	338,041
Expenditures:				
Current:				
General government	341,900	243,825	197,783	46,042
Public safety	20,000	20,000	18,014	1,986
Transportation	59,900	59,900	32,565	27,335
Environmental protection	44,000	44,000	42,412	1,588
Culture and recreation	182,475	280,550	19,742	260,808
Total expenditures	648,275	648,275	310,516	337,759
Revenues over expenditures	-	-	675,800	675,800
Other financing sources (uses):				
Transfers from other funds:				
Water Sewer Fund	-	-	500,000	500,000
Park Capital Project Fund	-	-	27,500	27,500
Transfers to other funds:				
Park Capital Project Fund	-	-	(252,776)	(252,776)
Cemetery fund	-	-	-	-
Total other financing uses:	-	-	274,724	274,724
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	950,524	\$ 950,524
Fund balance, beginning			2,817,414	
Fund balance, ending			\$ 3,767,938	

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

*Statement of Net Position
Proprietary Fund
June 30, 2021*

	<u>Major Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 356,220
Accounts receivable	19,839
Due from other funds	-
Restricted cash and cash equivalents	<u>12,635</u>
Total current assets	<u>388,694</u>
Capital assets:	
Land	6,500
Capital assets, net of depreciation	<u>1,433,665</u>
Total noncurrent assets	<u>1,440,165</u>
Total assets	<u><u>\$ 1,828,859</u></u>
LIABILITIES	
Current liabilities:	
Accrued liabilities	\$ 19,725
Customer deposits	<u>12,635</u>
Total current liabilities	<u>32,360</u>
NET POSITION	
Net invested in capital assets	1,440,165
Restricted	12,955
Unrestricted	<u>343,379</u>
Total net position	<u><u>\$ 1,796,499</u></u>

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

*Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021*

	Major Enterprise Fund
	Water and
	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 290,029
Taps and fees	400
Total operating revenues	<u>290,429</u>
OPERATING EXPENSES	
Water distribution	152,986
Waste collection and treatment	111,052
Depreciation	67,556
Total operating expenses	<u>331,594</u>
Operating loss	<u>(41,165)</u>
NON-OPERATING REVENUES	
Investment earnings	693
Total non-operating revenues	<u>693</u>
Loss before transfers	(40,472)
Transfer to General Fund	<u>(500,000)</u>
Change in net position	(540,472)
Total net position, beginning	<u>2,336,971</u>
Total net position, ending	<u><u>\$ 1,796,499</u></u>

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

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Major Enterprise Fund
	Water and
	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 290,429
Cash paid for goods and services	(261,078)
Customer deposits received	(547)
Net cash provided by operating activities	28,804
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers to other funds, net (due from General Fund)	(383,801)
Total cash flows from non-capital financing activities	(383,801)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	-
Interest earnings	693
Net increase in cash and cash equivalents	(354,304)
Balances, beginning	723,159
Balances, ending	\$ 368,855
Details on cash and cash equivalents:	
Current assets	\$ 356,220
Restricted assets	12,635
	\$ 368,855

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

TOWN OF NEW LONDON, NORTH CAROLINA

Exhibit 9
Continued

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Major Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income(loss)	\$ (41,165)
Adjustments to reconcile operating income(loss) to net cash used by operating activities:	
Depreciation	67,556
Change in assets and liabilities:	
Decrease in accounts receivable	-
Decrease in prepaid expenses	-
Increase in accounts payable and accrued liabilities	2,960
Increase in customer deposits	(547)
Net cash provided by operating activities	<u>\$ 28,804</u>

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

TOWN OF NEW LONDON, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of New London 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 New London, North Carolina, in Stanly County, is a municipal corporation that is governed by an elected mayor and five commissioners. As required by generally accepted accounting principles, these financial statements present 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 *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 non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 1 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continued

B. **Basis of Presentation**

Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental 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 grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

Capital Project Fund – Town Park. This fund is used to account for the construction of a new town park.

The Town reports the following non-major governmental fund:

Cemetery Permanent Fund. This fund is used to account for perpetual care of the municipal cemetery.

The Town reports the following major enterprise fund:

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

C. **Measurement Focus and Basis of Accounting**

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

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

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus and Basis of Accounting (continued)

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

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

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

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Enterprise Capital Projects Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Town's budget is comprised of single line items. If a single line item exceeds the budgeted expenditure amount, the Town adjusts for this by transferring an amount from another line item into the line item that exceeded the budgeted appropriation. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted. The Cemetery Permanent fund is not required to be budgeted.

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

TOWN OF NEW LONDON, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Cash Equivalents

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

Restricted Assets

Customer deposits held by the Town, before any services are supplied, are restricted to the service for which the deposit was collected.

Powell Bill funds are also classified as restricted cash because it can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136.41.4.

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 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings and improvements, infrastructure, and furniture and equipment, \$3,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The Town has elected not to report major general infrastructure assets, such as the road network, retroactively as permitted for Phase Three governments. Thus, any amounts expended for infrastructure prior to July 1, 2003, are not reported as capital assets. 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.

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

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

Asset Class	Estimated Useful Lives
Infrastructure	20-26
Buildings	33-45
Improvements	20
Furniture and equipment	5-12
Computer equipment	5

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has only one item that meets the criterion for this category - property taxes receivable.

Compensated Absences

The Town employees accrue one day of vacation per month. Due to the small number of employees and the immaterial amount at year end, the compensated absences have not been accrued.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Fund Balances

The governmental fund types classify fund balances as follows:

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

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the Town of New London Cemetery.

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.

Assigned Fund Balance-portion of fund balance the town of New London intends to use for a specific purpose.

Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resources or appropriation within funds up to \$100,000.

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Fund Balances

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 Town of New London adopted a fund balance policy that the fund balance available for appropriation should not drop below ten percent (10%) of total expenditures in order to maintain an adequate cash flow in the General Fund.

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All the deposits of the Town of New London are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

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

At June 30, 2021, The Town's deposits had a carrying amount of \$4,149,164 and a bank balance of \$4,156,762. Bank balances of the Town, totaling \$323,490 were fully covered by federal depository insurance. The remaining balance of \$3,833,272 was collateralized under the Pooling Method.

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 2 - **DETAIL NOTES ON ALL FUNDS – Continued**

A. ASSETS - continued

2. Notes Receivable

On November 1, 2016, the Town loaned to the New London Volunteer Department the sum of \$200,000 with no interest from November 1, 2016 and continuing until November 1, 2020. Payments by the Fire Department are to be made in annual installments of \$50,000, beginning on November 1, 2017 and continuing until November 1, 2020, at which time any unpaid principal shall be due in full. This note was secured by pumper equipment owned by the Fire Department and was paid in full during the year ended June 30, 2021

3. Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,102,742	\$ -	\$ 1,102,742	\$ -
Land	299,567	-	-	299,567
Total capital assets not being depreciated	1,402,309	-	1,102,742	299,567
Capital assets being depreciated:				
Buildings	440,138	-	-	440,138
Furniture and equipment	193,631	-	-	193,631
Park	167,824	1,355,518	-	1,523,342
Infrastructure	3,385,003	-	-	3,385,003
Total capital assets being depreciated	4,186,596	1,355,518	-	5,542,114
Less accumulated depreciation for:				
Buildings	190,054	11,790	-	201,844
Furniture and equipment	148,792	17,355	-	166,147
Park	111,356	7,841	-	119,197
Infrastructure	651,343	68,788	-	720,131
Total accumulated depreciation	1,101,544	105,774	-	1,207,319
Total capital assets being depreciated, net	3,085,052			4,334,795
Governmental activity capital assets, net	\$ 4,487,360			\$ 4,634,362

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - **DETAIL NOTES ON ALL FUNDS – Continued**

A. **ASSETS - continued**

3. **Capital Assets**

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

General government	\$ 29,145
Transportation	68,788
Culture and recreation	7,841
Total depreciation expense	<u><u>\$ 105,774</u></u>

Business-type activities

Capital asset activity for the Business-type activities for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Total capital assets not being depreciated	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Capital assets being depreciated:				
Plant and distribution system	2,510,825	-	-	2,510,825
Water line project	<u>127,865</u>	<u>-</u>	<u>-</u>	<u>127,865</u>
Total capital assets being depreciated	<u>2,638,690</u>	<u>-</u>	<u>-</u>	<u>2,638,690</u>
Less accumulated depreciation for:				
Plant and distribution system	1,096,395	64,684	-	1,161,079
Water line project	<u>41,074</u>	<u>2,872</u>	<u>-</u>	<u>43,946</u>
Total accumulated depreciation	<u>1,137,469</u>	<u>67,556</u>	<u>-</u>	<u>1,205,025</u>
Total capital assets being depreciated, net	<u>1,501,221</u>			<u>1,433,665</u>
Business-type activity capital assets, net	<u><u>\$ 1,507,721</u></u>			<u><u>\$ 1,440,165</u></u>

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 2 - **DETAIL NOTES ON ALL FUNDS** – Continued

B. LIABILITIES

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. On January 1, 2017, The Town of New London became a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of New London employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees.

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - **DETAIL NOTES ON ALL FUNDS** – Continued

B. LIABILITIES (continued)

1. Pension Plan Obligations (continued)

Local Governmental Employees' Retirement System (continued)

The Town of New London's contractually required contribution rate for six months ended June 30, 2021, was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of New London were \$5050 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 \$23,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension was 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 (measurement date), the Town's proportion was 0.00067%, which was an increase of .0003% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized a pension expense of \$10,114. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - **DETAIL NOTES ON ALL FUNDS** – Continued

B. LIABILITIES (continued)

1. Pension Plan Obligations (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,023	-
Changes of assumptions	1,782	-
Net difference between projected and actual earnings	3,369	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,342	-
Town of New London contributions subsequent to the measurement date	5,050	-
Total	<u>\$ 17,566</u>	<u>\$ -</u>

\$5050 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 4,181
2023	4,944
2024	2,393
2025	997
2026	-
Thereafter	-
	<u>\$ 12,515</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES (continued)

1. Pension Plan Obligations (continued)

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, 2019 are summarized in the following table:

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES (continued)

1. Pension Plan Obligations (continued)

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 of New London share of the net pension asset to changes in the discount rate. The following presents the Town of New London's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town of New London's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 48,576	\$ 23,942	\$ 3,470

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

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - **DETAIL NOTES ON ALL FUNDS – Continued**

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
<i>Local Government Employees Retirement Plan:</i>	
Contributions to pension plan in current fiscal year	\$ 5,050
Differences between expected and actual experience	3,023
Changes of assumptions	1,782
Net difference between projected and actual earnings	3,369
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,342
	\$ 17,566

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

Source	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Property taxes receivable (General Fund)	-	1,652
<i>Local Government Employees Retirement Plan:</i>		
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
	\$ -	\$ 1,652

-Continued

TOWN OF NEW LONDON, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has general liability coverage of \$2,000,000 aggregate, public officials' liability coverage of \$2,000,000 aggregate, commercial umbrella coverage of \$2,000,000, and property coverage of \$2,164,771 with commercial insurers.

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

The Town of New London carries flood insurance through the North Carolina League of Municipalities. The coverage is in the amount of \$5,000,000, with a deductible of \$50,000 covering the property of the Town of New London.

In accordance with G.S. 159-29, the Town's employee who handles or has in his custody more than one hundred dollars (\$100) at any given time shall, before being entitled to assume his duties, give a faithful performance bond with sufficient sureties payable to the Town. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond of \$50,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2021, there were no material pending or threatened litigation assessments involving the Town of New London.

5. Long-term Obligations

At June 30, 2021, the Town of New London had no long-term obligations.

6. Interfund Balance and Activity

At June 30, 2021, there were interfund due to and/or due from individual funds. Interfund balances were \$0.00. All applicable payments between funds were made cumulative through June 30, 2021.

The interfund balances result from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF NEW LONDON, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 2 - DETAIL NOTES ON ALL FUNDS – Continued

6. Interfund Balance and Activity - Continued

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

From the Park Capital Project Fund to General Fund	\$ 27,500
From the General Fund to Park Capital Project Fund	252,776
From the Water Sewer Fund to the General Fund	<u>500,000</u>
	<u>\$ 780,276</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in the other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

7. 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	\$ 3,767,938
Less:	
Stabilization by state statute	73,476
Streets - Powell Bill	171,759
Subsequent year's expenditures	-
Unassigned	<u>3,522,703</u>

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

Town of New London had outstanding encumbrances totaling \$8150 at June 30, 2021.

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from the North Carolina State Street-Aid Program (Powell Bill). 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 monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

- Continued

TOWN OF NEW LONDON, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 4 - RELATED PARTY TRANSACTIONS

The Town of New London obtains landscaping and lawn maintenance services from a person who also serves on the Town Board. Charges for these services were \$875 for the fiscal year ended June 30, 2021.

NOTE 5 - DATE OF MANagements' REVIEW

In preparing the financial statements, the Town of New London has evaluated events and transactions for potential recognition or disclosure through November 24, 2021, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Town of New London Schedule of Proportionate Share of Net Pension Liability
- Town of New London's Contributions

TOWN OF NEW LONDON, NORTH CAROLINA

Town of New London's Proportionate Share of Pension Liability (Asset)
Required Supplementary Information
Last Four Fiscal Years

Local Governmental Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town of New London's proportion of the net pension liability (asset) (%)	0.00067%	0.00064%	0.00061%	0.00000%
Town of New London's proportion of the net pension liability (asset) (\$)	\$ 23,942	\$ 17,478	\$ 14,471	\$ -
Town of New London's covered-employee payroll	\$ 49,751	\$ 57,747	\$ 52,530	\$ 25,308
Town of New London's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.12%	30.27%	27.55%	0.00%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%

* 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 NEW LONDON, NORTH CAROLINA

***Town of New London's Contributions
Required Supplementary Information
Last Five Fiscal Years***

Local Governmental Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 5,050	\$ 4,933	\$ 4,475	\$ 3,940	\$ 1,835
Contributions in relation to the contractually required contribution	5,050	4,933	4,475	3,940	1,835
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Town of New London's covered-employee payroll	\$ 49,751	\$ 55,116	\$ 57,747	\$ 52,530	\$ 25,308
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.50%	7.25%

SUPPLEMENTAL STATEMENTS

TOWN OF NEW LONDON, NORTH CAROLINA

*Statement 1
Page 1 of 2*

General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad Valorem taxes:				
Taxes	\$ 215,000	\$ 215,000	\$ 222,493	\$ 7,493
Interest and penalties	-	-	409	409
Total	215,000	215,000	222,902	7,902
Unrestricted intergovernmental:				
Local option sales taxes	145,000	145,000	216,294	71,294
Telecommunication Tax	-	-	9,824	9,824
Video programming distribution	-	-	5,560	5,560
Utility franchise tax	175,000	175,000	160,101	(14,899)
Solid waste disposal tax	400	400	559	159
ABC tax	3,000	3,000	3,138	138
Total	323,400	323,400	395,476	72,076
Restricted intergovernmental:				
Powell Bill allocation	22,000	22,000	20,760	(1,240)
Powell Bill interest	1,500	1,500	557	(943)
Total	23,500	23,500	21,317	(2,183)
Sales and service:				
Building rental	300	300	1,050	750
	300	300	1,050	750
Museum and park donations	300	300	-	(300)
Investment earnings	6,000	6,000	250,291	244,291
Miscellaneous	79,775	79,775	95,280	15,505
Total revenues	648,275	648,275	986,316	338,041
Expenditures:				
General government:				
Salaries and employee benefits	139,600	146,325	141,319	5,006
Professional services	12,000	12,000	11,992	8
Other operating expenditures	91,800	82,000	44,472	37,528
Capital outlay	67,500	2,500	-	2,500
Incentive grants	31,000	1,000	-	1,000
Total general government	341,900	243,825	197,783	46,042
Public safety:				
Police:				
Contract services	20,000	20,000	18,014	1,986
Total public safety	20,000	20,000	18,014	1,986

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

TOWN OF NEW LONDON, NORTH CAROLINA

*Statement 1
Page 2 of 2*

General Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Transportation:				
Streets and highways - Powell Bill:				
Maintenance and repairs	23,500	23,500	10,566	12,934
Streets and highways - Municipality:				
Street lights	20,000	20,000	14,597	5,403
Other operating expenditures	15,000	15,000	553	14,447
Maintenance and repairs	1,400	1,400	6,849	(5,449)
Total transportation	59,900	59,900	32,565	27,335
Environmental protection:				
Solid waste:				
Contracted services	44,000	44,000	42,412	1,588
Total environmental protection	44,000	44,000	42,412	1,588
Culture and recreation:				
Capital Outlay - proposed park	125,375	242,635	-	242,635
Other operating expenditures	57,100	37,915	19,742	18,173
Total culture and recreation	182,475	280,550	19,742	260,808
Total expenditures	648,275	648,275	310,516	337,759
Revenues over expenditures	-	-	675,800	675,800
Other financing sources (uses):				
Transfers from other funds:				
Water Sewer Fund	-	-	500,000	500,000
Park Capital Project Fund	-	-	27,500	27,500
Transfers to other funds:				
Park Capital Project Fund	-	-	(252,776)	(252,776)
Total other financing uses	-	-	274,724	274,724
Fund balance appropriated	-	-	-	-
Net change in fund balance	-	-	950,524	950,524
Fund balance, beginning of year			2,817,414	

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

TOWN OF NEW LONDON, NORTH CAROLINA

Statement 2

Page 1 of 1

Capital Project Fund – Town Park

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental:					
State PARTF Grant funds	\$ 275,000	\$ 247,500	\$ 27,500	\$ 275,000	\$ -
Local Powell Bill Funds	100,000	-	-	-	100,000
Total Revenues	375,000	247,500	27,500	275,000	100,000
Expenditures					
Town Park Project					
Engineering costs	75,789	75,789	0	75,789	-
Surveying	16,090	-	-	-	16,090
Construction	1,196,023	1,026,953	252,776	1,279,729	(83,706)
Construction inspection	12,590	-	-	-	12,590
Contengencies	50,000	-	-	-	50,000
Total expenditures	1,350,492	1,102,742	252,776	1,355,518	(5,026)
Revenues over (under) expenditures	(975,492)	(855,242)	(225,276)	(1,080,518)	105,026
Other financing sources and uses					
Net Transfers from General Fund	975,492	855,242	225,276	1,080,518	(105,026)
Total other financing sources	975,492	855,242	225,276	1,080,518	(105,026)
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balances:					
Fund balance, beginning of year			-		
Fund balance, end of year			\$ -		

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

TOWN OF NEW LONDON, NORTH CAROLINA

*Statement 3
Page 1 of 2*

**Water and Sewer Fund
Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Water and sewer charges	\$ -	\$ -	\$ 290,029	\$ 290,029
Taps and fees	-	-	400	400
Other operating revenues	-	-	-	-
Total operating revenues	-	-	290,429	290,429
Nonoperating revenues:				
Interest earnings	-	-	693	693
Total revenues	-	-	291,122	291,122
Expenditures:				
Water distribution:				
Purchase of water	-	160,000	152,985	7,015
Total water distribution	-	160,000	152,985	7,015
Waste collection and treatment:				
Waste treatment services	-	71,000	67,760	3,240
Utility services	-	10,300	7,300	3,000
Maintenance	-	31,775	30,069	1,706
Other operating expenditures	-	10,650	5,923	4,727
Total waste collection and treatment	-	123,725	111,052	12,673
Total expenditures	-	283,725	264,037	19,688
Other financing sources (uses):				
Transfers from (to) other funds:				
General Fund	-	-	(500,000)	500,000
Total other financing sources (uses)	-	-	(500,000)	(500,000)
Revenues and other sources over expenditures and other uses	\$ -	\$ (283,725)	\$ (472,915)	\$ (189,190)

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

TOWN OF NEW LONDON, NORTH CAROLINA

Statement 3

Page 2 of 2

Water and Sewer Fund

Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

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

Revenues and other sources over expenditures and other uses	<u>\$ (472,915)</u>
Reconciling items:	
Depreciation	(67,556)
Capital Outlay	<u>-</u>
Net income	<u><u>\$ (540,471)</u></u>

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

OTHER SCHEDULES

This section contains additional information required on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

TOWN OF NEW LONDON, NORTH CAROLINA

Schedule 1

Schedule of Ad Valorem Taxes Receivable
June 30, 2021

	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021	\$ -	\$ 231,003	\$ 230,254	\$ 749
2019 - 2020	388		123	265
2018 - 2019	378		134	244
2017 - 2018	228		131	97
2016 - 2017	62		-	62
2015 - 2016	70		-	70
2014 - 2015	45		-	45
2013 - 2014	54		2	52
2012 - 2013	77		10	67
2011 - 2012	85		85	-
	<u>\$ 1,387</u>	<u>\$ 231,003</u>	<u>\$ 230,739</u>	<u>\$ 1,651</u>

Reconcilement with revenues:

Ad Valorem Taxes - General Fund	\$ 222,493
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Reconciling items:

Adjustment for cumulative prior years' collected but unremitted	6,425
Discounts allowed	1,736
Taxes written off	85
Total collections and credits	<u>\$ 230,739</u>

TOWN OF NEW LONDON, NORTH CAROLINA

Schedule 2

*Analysis of Current Tax 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 taxed at current year's rate	\$ 144,392,500	0.16	\$ 231,028	\$ 218,871	\$ 12,157
Discoveries:					
Current year taxes	122,500	0.16	\$ 196	196	-
Abatements:	(138,125)	0.16	\$ (221)	(221)	-
Total property valuation	<u>\$ 144,254,375</u>				
Net levy			231,003	218,846	12,157
Less, uncollected tax at June 30, 2021			<u>749</u>	<u>749</u>	<u>-</u>
Current year's taxes collected			<u>\$ 230,254</u>	<u>\$ 218,097</u>	<u>\$ 12,157</u>
Current levy collection percentage			<u>99.68%</u>	<u>99.66%</u>	<u>100.00%</u>