

**REVIEWED**

*By SLGFD at 8:15 am, Oct 26, 2021*

**Town of Wallburg  
Wallburg, North Carolina  
For the year ended  
June 30, 2021**

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

## **Governance**

**Mayor**

**Allen Todd**

**Council**

**Zane Hedgecock**

**Lynn Reece**

**Steve Yokeley**

**Mark Swaim**

**Cindy Johnson**

**Town of Wallburg  
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June 30, 2021**

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# *EDDIE CARRICK, CPA, PC*

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Wallburg, North Carolina, as of and for the year ended June 30, 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 from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Wallburg, North Carolina, as of June 30, 2021, and the respective changes in financial position 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

Eddie Carrick CPA, PC

A handwritten signature in black ink, appearing to read "E.C. Carrick".

Lexington, North Carolina  
September 30, 2021

# **TOWN OF WALLBURG**

NORTH CAROLINA

## **Town of Wallburg Management's Discussion and Analysis**

As management of the Town of Wallburg, we offer readers of the Town of Wallburg's financial statements this narrative overview and analysis of the financial activities of the Town of Wallburg for the fiscal year ended June 30, 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 Wallburg exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$7,734,183 (*net position*).
- The government's total net position increased by \$500,709, primarily due to increases in the governmental type activities net position.
- As of the close of the current fiscal year, the Town of Wallburg's governmental funds reported combined ending fund balances of \$3,998,390 with a net change of 326,990 in fund balance. Approximately 21 percent of this total amount, or \$845,732, is non-spendable, restricted or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,152,658, or 339 percent of the total general fund expenditures for the fiscal year.

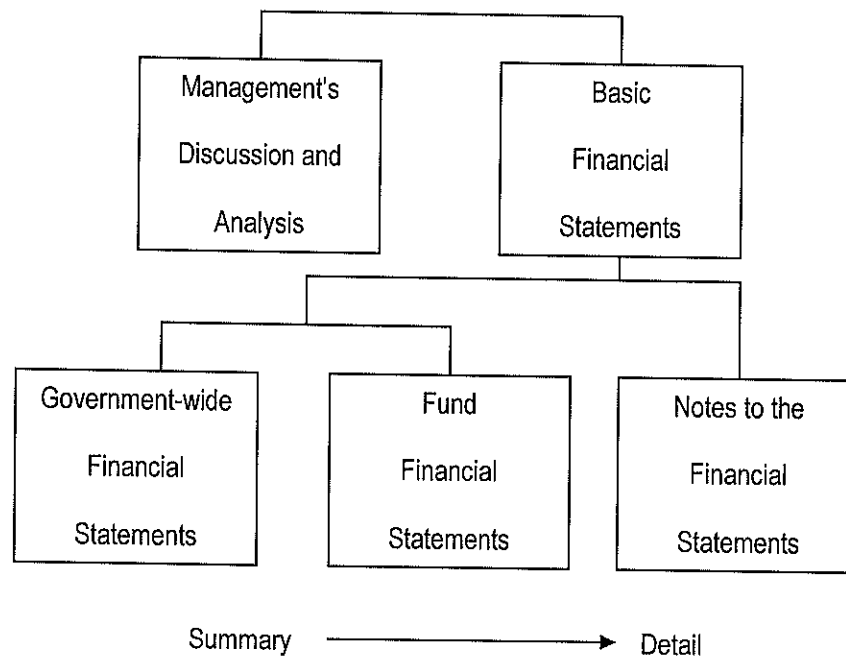
### **Overview of the Financial Statements**

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

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## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

### **Government-Wide Financial Statements**

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

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

The government-wide statements are summarized into one category: 1) governmental activities. The governmental activities include most of the Town's basic services such as general administration. Property and sales taxes finance most of these activities.

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

### **Fund Financial Statements**

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

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

The Town of Wallburg adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted.



Management Discussion and Analysis  
Town of Wallburg

The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

**Government-Wide Financial Analysis**

**Town of Wallburg's Net Position  
Figure 2**

	Governmental Activities (Total)	
	2021	2020
Current and other assets	\$ 4,005,661	\$ 3,679,132
Capital assets	3,728,522	3,554,342
Total assets	<u>7,734,183</u>	<u>7,233,474</u>
Long-term liabilities	-	-
Other liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
Deferred inflows of resources	-	-
None	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	3,728,522	3,554,342
Restricted	186,704	152,792
Unrestricted	3,818,957	3,526,340
Total net position	<u>\$ 7,734,183</u>	<u>\$ 7,233,474</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Wallburg exceeded liabilities and deferred inflows by \$7,734,183 as of June 30, 2021. The Town's net position increased by \$500,709 for the fiscal year ended June 30, 2021. However, a large portion (48%) reflects the Town's net investment in capital assets (including land). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Wallburg's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$186,704, represents resources that are subject to external restrictions on how they may be used. The balance of \$3,818,957 is unrestricted.

Management Discussion and Analysis  
Town of Wallburg

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

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

**Town of Wallburg's Changes in Net Position**  
**Figure 3**

	Governmental Activities (Totals)	
	2021	2020
Revenues:		
General revenues:		
Property taxes	\$ 147,918	\$ 141,844
Other taxes	1,018,707	891,884
Investment earnings and other income	1,253	17,064
Capital grants	88,255	244,902
Total revenues	<u>1,256,133</u>	<u>1,295,694</u>
Expenses:		
General government	346,299	290,408
Safety	63,711	63,531
Environmental protection	191,665	191,281
CARES grant expenditures	88,255	-
Economic development	65,494	50,000
Total expenses	<u>755,424</u>	<u>595,220</u>
Increase in net position	500,709	700,474
Net position, July 1	<u>7,233,474</u>	<u>6,533,000</u>
Net position, June 30	<u>\$ 7,734,183</u>	<u>\$ 7,233,474</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$500,709, thereby accounting for 100% of the total increase in net position of the Town. The increase in net position was the result of a concerted effort to control costs and manage expenditures. Management believes healthy investment in the Town will result in additional revenues, and in that vein added to the Town's net position by investing in capital assets. Increased efforts to maximize tax collections also contributed to the favorable net position. Tax revenue did not appreciably decline in the current year. Town management acknowledges that 2021 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Management Discussion and Analysis  
Town of Wallburg

Key elements of this increase are as follows:

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

**Financial Analysis of the Town's Funds**

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

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

The general fund is the chief operating fund of the Town of Wallburg. At the end of the current fiscal year, the Town of Wallburg's fund balance available in the General Fund was \$3,152,658, while total fund balance reached \$3,339,362. The Town currently has an available fund balance of 339% of general fund expenditures, while total fund balance represents 430% of the same amount.

At June 30, 2021, the governmental funds of Town of Wallburg reported a combined fund balance of \$3,998,390 with a net increase in fund balance of \$326,990. Included in this change in fund balance is an increase in fund balances in the Capital Fund and an increase in the General Fund.

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

- There were no amendments to the original budget.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town of Wallburg's investment in capital assets for its governmental activities as of June 30, 2021, totals \$3,728,522. These assets include land, improvements, building and equipment.

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

Historical structure	\$ 273,295
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Management Discussion and Analysis  
Town of Wallburg

**Town of Wallburg's Capital Assets (Figure 4)**

	<i>Governmental Activities</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Land and non-depreciable assets	\$ 308,132	\$ 308,132	\$ 308,132	\$ 308,132
Building and equipment	3,420,390	3,246,210	3,420,390	3,246,210
Total	\$ 3,728,522	\$ 3,554,342	\$ 3,728,522	\$ 3,554,342

**Town of Wallburg's Outstanding Debt**

As of June 30, 2021, the Town had no outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Wallburg is \$23,828,800. The Town has no authorized but un-issued bonds at June 30, 2021.

**Economic Factors and Next Year's Budgets and Rates**

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

**Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities:** Property taxes and sales taxes are expected to remain constant compared to 2020-2021 due to continued strengthening economic conditions. ARPA funds will be available during the 2021-2022 and 2022-2023 fiscal years. Council has not decided at this time what these funds will be used for.

Normal budgeted expenditures in the General Fund are expected to remain relatively constant. The Town will be completing the renovation of the Historical Wall Home in 2021-2022. Future capital spending will be directed toward revitalization of the town in 2021- 2022.

The Town has chosen not to appropriate fund balance in the fiscal year 2022 budget. Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. As the Town considers future revenue sources, it has determined that a \$0.01 increase in the property tax rate will result in additional revenues of approximately \$29,258 at current values and collection rate. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

**Requests for Information**

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

**Town of Wallburg, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,811,686	\$ 3,811,686
Taxes receivable (net)	7,271	7,271
Prepays	-	-
Due from other governments	186,704	186,704
Total current assets	<u>4,005,661</u>	<u>4,005,661</u>
Capital assets:		
Land and other non-depreciable assets	308,132	308,132
Buildings and equipment	<u>3,420,390</u>	<u>3,420,390</u>
	<u>3,728,522</u>	<u>3,728,522</u>
Total assets	<u>7,734,183</u>	<u>7,734,183</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	-	-
Total liabilities	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,728,522	3,728,522
Restricted for:		
Stabilization by State Statute	186,704	186,704
Unrestricted	<u>3,818,957</u>	<u>3,818,957</u>
Total net position	<u>\$ 7,734,183</u>	<u>\$ 7,734,183</u>

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

## Exhibit 2

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

Function / Program	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
				Governmental Activities	Total
Governmental activities:					
General government	\$ 346,299	\$ -	\$ -	\$ (346,299)	\$ (346,299)
Safety	63,711	-	-	(63,711)	(63,711)
Environmental protection	191,665	-	-	(191,665)	(191,665)
CARES grant expenditures\	88,255	-	88,255	-	88,255
Economic development	65,494	-	-	(65,494)	(65,494)
Total governmental activities	755,424	-	88,255	(667,169)	(578,914)
General revenues:					
Taxes:					
Property taxes levied for general purposes				147,918	147,918
Other taxes				1,018,707	1,018,707
Investment earnings				1,253	1,253
Miscellaneous				-	-
Total general government revenues				1,167,878	1,167,878
Change in net position				500,709	500,709
Net position , beginning				7,233,474	7,233,474
Net position, ending				\$ 7,734,183	\$ 7,734,183

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

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

	Major Funds			Total Governmental Funds
	General	Park	Capital	
<b>Assets</b>				
Cash and cash equivalents	\$ 3,152,658	\$ -	\$ 659,028	\$ 3,811,686
Receivables, net:				
Taxes	7,271	-	-	7,271
Prepays	-	-	-	-
Due from other governments	186,704	-	-	186,704
Total assets	<u>\$ 3,346,633</u>	<u>\$ -</u>	<u>\$ 659,028</u>	<u>\$ 4,005,661</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes receivable	7,271	-	-	7,271
Total deferred inflows of resources	<u>7,271</u>	<u>-</u>	<u>-</u>	<u>7,271</u>
Fund balances:				
Nonspendable				
Prepays	-	-	-	-
Restricted:				
Stabilization by State Statute	186,704	-	-	186,704
Assigned for:				
Capital improvements	-	-	659,028	659,028
Unassigned, General Fund	3,152,658	-	-	3,152,658
Total fund balances	<u>3,339,362</u>	<u>-</u>	<u>659,028</u>	<u>3,998,390</u>
Total liabilities and fund balances	<u>\$ 3,346,633</u>	<u>\$ -</u>	<u>\$ 659,028</u>	

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

Fixed assets	4,240,110
Less, accumulated depreciation	(511,588)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	<u>7,271</u>
Net position of governmental activities	<u>\$ 7,734,183</u>

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

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

	Major Funds			Total
	Capital Projects			Governmental Funds
	General	Parks	Capital	
<b>Revenues</b>				
Ad valorem taxes	\$ 148,379	\$ -	\$ -	\$ 148,379
Restricted intergovernmental	88,255	-	-	88,255
Unrestricted intergovernmental	1,018,707	-	-	1,018,707
Investment earnings	83	-	1,170	1,253
Miscellaneous	-	-	-	-
Total revenues	<u>1,255,424</u>	<u>-</u>	<u>1,170</u>	<u>1,256,594</u>
<b>Expenditures</b>				
General government	520,479	-	-	520,479
Safety	63,711	-	-	63,711
Environmental protection	191,665	-	-	191,665
CARES grant expenditures	88,255	-	-	88,255
Economic development	65,494	-	-	65,494
Total expenditures	<u>929,604</u>	<u>-</u>	<u>-</u>	<u>929,604</u>
Excess (deficiency of revenues over expenditures)	<u>325,820</u>	<u>-</u>	<u>1,170</u>	<u>326,990</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	325,820	-	1,170	326,990
Fund balance, beginning	<u>3,013,542</u>	<u>-</u>	<u>657,858</u>	<u>3,671,400</u>
Fund balance, ending	<u>\$ 3,339,362</u>	<u>\$ -</u>	<u>\$ 659,028</u>	<u>\$ 3,998,390</u>

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



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

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

Net changes in fund balances - total governmental funds		\$ 326,990
Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Capital outlay	\$ 273,295	
Depreciation	<u>(99,115)</u>	174,180
Changes in liabilities for earned revenues considered deferred inflows of resources in fund statements		<u>(461)</u>
Total changes in net position of governmental activities		<u><u>\$ 500,709</u></u>

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

**Town of Wallburg, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 135,000	\$ 135,000	\$ 148,379	\$ 13,379
Restricted intergovernmental	-	-	88,255	88,255
Unrestricted intergovernmental	935,000	935,000	1,018,707	83,707
Investment earnings	-	-	83	83
Miscellaneous	4,700	4,700	-	(4,700)
Total revenues	<u>1,074,700</u>	<u>1,074,700</u>	<u>1,255,424</u>	<u>180,724</u>
Expenditures				
Current				
General government	639,700	639,700	520,479	119,221
Safety	65,000	65,000	63,711	1,289
Environmental protection	200,000	200,000	191,665	8,335
CARES grant expenditures	100,000	100,000	88,255	11,745
Economic development	70,000	70,000	65,494	4,506
Total expenditures	<u>1,074,700</u>	<u>1,074,700</u>	<u>929,604</u>	<u>145,096</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>325,820</u>	<u>325,820</u>
Other financing sources (uses):				
Appropriated fund balance	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>325,820</u>	<u>\$ 325,820</u>
Fund balance, beginning			<u>3,013,542</u>	
Fund balance, ending			<u>\$ 3,339,362</u>	

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

***Town of Wallburg, North Carolina***

**NOTES TO THE FINANCIAL STATEMENTS  
As of or For the Year Ended June 30, 2021**

***I. Summary of Significant Accounting Policies***

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

***A. Reporting Entity***

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

***B. Basis of Presentation***

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's fund. A separate statement for each fund category – governmental – is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The Town of Wallburg, North Carolina has two funds, the general fund and capital fund, and are presented as a major funds.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes and licenses. The primary expenditures are for general government administration.

### ***Notes to the Financial Statements (continued)***

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

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

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

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

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

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

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

## ***Notes to the Financial Statements (continued)***

### ***D. Budgetary Data***

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Capital Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared for using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, no amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### ***1. Deposits and Investments***

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

State law [G.S. 159-30 (c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value. The Town does not have a formal investment or credit risk policy.

#### ***2. Cash and Cash Equivalents***

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

#### ***3. Ad Valorem Taxes Receivable***

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

## ***Notes to the Financial Statements (continued)***

### **4. Allowances for Doubtful Accounts**

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

### **5. Capital Assets**

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

### **6. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no item that meets this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only one item that meet the criterion for this category - property taxes receivable.

### **7. Net Position/Fund Balances**

#### **Net Position**

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

#### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

## ***Notes to the Financial Statements (continued)***

### ***7. Net Position/Fund Balances (continued)***

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

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

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

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

### ***II. Stewardship, Compliance, and Accountability***

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

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

### ***III. Detail Notes on All Funds***

#### ***A. Assets:***

##### ***1. Deposits***

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

**Notes to the Financial Statements (continued)**

**1. Deposits (continued)**

At June 30, 2021, the Town's deposits had a carrying amount of \$3,811,686 and a bank balance of \$3,925,864. Of the bank balance, \$499,216 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

**2. Receivables – Allowances for Doubtful Accounts**

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

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

**3. Capital Assets**

Capital assets activity for the year is as follows:

**Governmental activities:**

Capital assets not being depreciated

Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	308,132	-	-	308,132
Capital assets not being depreciated	<u>308,132</u>	<u>-</u>	<u>-</u>	<u>308,132</u>

Capital assets being depreciated

Building and equipment	3,658,683	273,295	-	3,931,978
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Less, accumulated depreciation on:

Building and equipment	412,473	99,115	-	511,588
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Capital assets being depreciated, net

	3,246,210	-	-	3,420,390
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**Governmental activity capital assets, net**

	<u>\$ 3,554,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,728,522</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 99,115
Total depreciation expense	<u>\$ 99,115</u>



## **Notes to the Financial Statements (continued)**

### **B. Liabilities**

#### **1. Deferred Outflows and Inflows of Resources:**

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

	Unavailable Revenue	Unearned Revenue
Taxes receivable	\$ 7,271	\$ -
Taxes collected for subsequent year	-	-
	<u>\$ 7,271</u>	<u>\$ -</u>

#### **2. Debt**

The Town had no debt at June 30, 2021.

At June 30, 2021, the Town of Wallburg had bonds authorized but un-issued of \$-0- and a legal debt margin of \$23,828,800.

#### **3. Risk Management**

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

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

The Town does not have property eligible for flood insurance.

#### **4. Transfers**

There were no transfers during the year ended June 30, 2021.

**Notes to the Financial Statements (continued)**

**C. Net Investment in Capital Assets**

	<b>Governmental</b>
Capital Assets	\$ 3,728,522
less: long-term debt	-
add: unexpended debt proceeds	-
Net investment in capital assets	<u>\$ 3,728,522</u>

**D. Fund Balance**

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

<b><u>Total fund balance - General Fund</u></b>	<b>\$ 3,339,362</b>
Less:	
Stabilization by State Statute	186,704
Assigned for capital improvements	-
<u>Appropriated Fund Balance in 2022 budget</u>	-
Remaining Fund Balance	<u>\$ 3,152,658</u>

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

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

**IV. Significant Effects of Subsequent Events**

Subsequent events occurring after the statement of financial position date have been evaluated through September 30, 2021, which is the date the financial statements were available to be issued.

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

**Town of Wallburg, North Carolina**

**General Fund**

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

**(With Comparative Actual Amounts for the Year Ended June 30, 2020)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual Year Ended June 30, 2020</u>
<b>Revenues</b>				
Ad valorem taxes:				
Taxes		\$ 148,379		\$ 142,808
Total	\$ 135,000	148,379	\$ 13,379	142,808
Restricted intergovernmental:				
Grants		88,255		-
	-	88,255	88,255	-
Unrestricted intergovernmental:				
Local option sales taxes		933,356		816,165
ABC distributions		13,240		12,789
Solid waste taxes		2,358		2,409
Utility franchise tax		69,753		73,309
Total	935,000	1,018,707	83,707	904,673
Miscellaneous:				
Interest earned		83		556
Other		-		(24)
Total	4,700	83	(4,617)	532
Total revenues	1,074,700	1,255,424	180,724	1,048,013
<b>Expenditures:</b>				
General Government:				
Salaries and employee benefits		50,192		49,957
Professional services		35,985		25,045
Maintenance		79,619		74,831
Other operating expenditures		81,098		48,293
Capital outlay		273,584		42,342
Total general government	639,700	520,479	119,221	240,468
Safety	65,000	63,711	1,289	63,531
Environmental protection				
Garbage collection	200,000	191,665	8,335	191,281
CARES grant expenditures	100,000	88,255	11,745	-
Economic development	70,000	65,494	4,506	50,000
Total expenditures	1,074,700	929,604	145,096	545,280
Revenues over (under) expenditures	-	325,820	325,820	502,733
Other financing sources (uses):				
Appropriated fund balance	-	-	-	-
Transfers to other funds:				
Capital Project Fund	-	-		(603,562)
Total	-	-	-	(603,562)
Net Change in fund balance	\$ -	325,820	\$ 325,820	(100,829)
Fund balance, beginning		3,013,542		3,114,371
Fund balance, ending		\$ 3,339,362		\$ 3,013,542

**Town of Wallburg, North Carolina**  
**Capital Projects Fund - Capital Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment earnings			\$ 1,170	
Total revenues	\$ 1,000	\$ 1,000	1,170	\$ 170
<b>Expenditures:</b>				
Total expenditures	1,000	1,000	-	1,000
Revenues over (under) expenditures	-	-	1,170	1,170
Other financing sources (uses):				
Transfers from (to) other funds:				
General Fund	-	-	-	-
Total	-	-	-	-
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	1,170	\$ 1,170
Fund balance, beginning			657,858	
Fund balance, ending			\$ 659,028	

**Town of Wallburg, North Carolina**  
**Schedule of Changes in Ad Valorem Taxes Receivable**  
**June 30, 2021**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2021	\$ -	\$ 150,302	\$ 147,662	\$ 2,640
2020	2,529	-	1,153	1,376
2019	1,541	-	720	821
2018	758	-	414	344
2017	396	-	170	226
2016	453	-	250	203
2015	310	-	161	149
2014	344	-	70	274
2013	338	-	55	283
2012	207	856	108	955
2011	856	-	856	-
	<u>\$ 7,732</u>	<u>\$ 151,158</u>	<u>\$ 151,619</u>	<u>7,271</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 7,271</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 148,379
Reconciling items:				
Releases				<u>3,240</u>
Subtotal				<u>3,240</u>
Total collections and credits				<u>\$ 151,619</u>

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

	Town - Wide				Total Levy	
	Property Valuation	Rate	Total	Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:						
Property taxed at current years rate	\$ 291,764,000	0.05	\$ 145,882		\$ 127,934	\$ 17,948
Total	<u>291,764,000</u>		<u>145,882</u>		<u>127,934</u>	<u>17,948</u>
Discoveries:						
Current year taxes	8,840,000	0.05	4,420		4,420	-
Total	<u>8,840,000</u>		<u>4,420</u>		<u>4,420</u>	<u>-</u>
Abatements	(2,744,000)	0.05	(1,372)		(1,372)	-
Total property valuation	<u>\$ 297,860,000</u>					
Net Levy			148,930		130,982	17,948
Uncollected taxes at June 30, 2021			(2,640)		(2,640)	-
Current year's taxes collected			<u>\$ 146,290</u>		<u>\$ 128,342</u>	<u>\$ 17,948</u>
Current levy collection percentage			<u>98.23%</u>		<u>97.98%</u>	<u>100.00%</u>