

**TOWN OF WALSTONBURG, NORTH CAROLINA**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

**GREGORY T. REDMAN, CPA**  
TARBORO, NORTH CAROLINA

# Financial Statements

Town of Walstonburg, North Carolina

June 30, 2021

## Board of Commissioners

Brenda Haymond, Mayor  
Michael Bishop  
Ray Holloman  
Jarrod McKeel  
Dianne Morris  
Ronald Turner

## Administrative Staff

Bess L. Patton

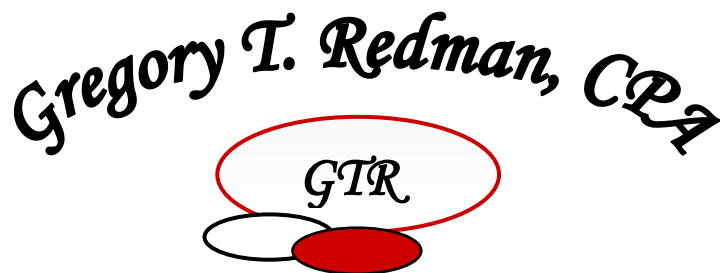
**Town of Walstonburg, North Carolina**  
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## **Financial Section**



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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Walstonburg, 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

### Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Walstonburg 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 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Walstonburg, 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 me. In my opinion, based on my audit, the procedures performed as described above, combining and 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.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, I do not express an opinion or provide assurance on them.

A handwritten signature in black ink that reads "Gregory T. Redman, CPA". The signature is written in a cursive style with a large, stylized 'G'.

Gregory T. Redman, CPA  
Tarboro, North Carolina  
November 29, 2021



## **Management's Discussion and Analysis**

**Town of Walstonburg, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Financial Highlights**

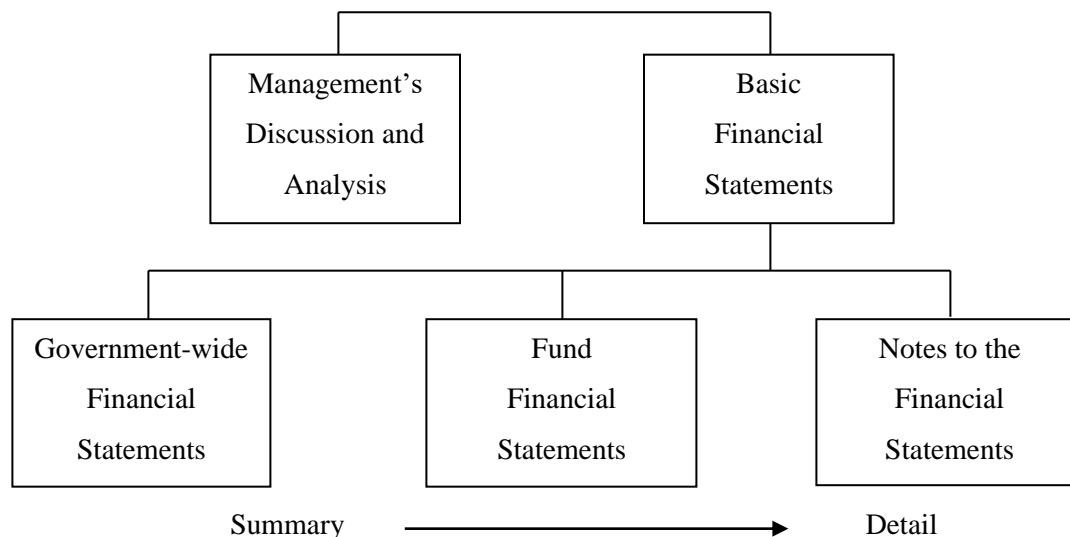
- The assets and deferred outflows of resources of the Town of Walstonburg exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,291,073 (net position).
- The government's total net position decreased by \$4,543.
- At the close of the current fiscal year, the Town of Walstonburg's governmental funds reported an ending fund balance of \$271,735, with a net change of (\$1,397) in fund balance. Approximately 17 percent of this total amount, or \$47,230 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$224,505 or 87 percent of 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 the Town of Walstonburg'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. 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 Walstonburg.

**Town of Walstonburg, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

**Required Components of Annual Financial Report**



### **Basic Financial Statements**

The first two statements 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 are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental 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 Town's 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.

**Town of Walstonburg, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

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

**Fund Financial Statements**

The fund financial statements 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 Walstonburg, like all other government 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 Town of Walstonburg can be divided into two categories: governmental funds and proprietary funds.

**Governmental Fund.** *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* that 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 in described in a reconciliation that is a part of the fund financial statements.

The Town of Walstonburg 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's, 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 compiled 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.** Town of Walstonburg has two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Walstonburg uses an enterprise fund to account for its water and sewer and electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Town of Walstonburg, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

**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.

**Interdependence with Other Entities.** The Town depends on financial resources flowing from, or associated with, both the State of North Carolina and the surrounding counties. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to State and local laws and State and local appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

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

**Government-wide Financial Analysis**

**The Town of Walstonburg's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 288,668	\$ 287,011	\$ 580,382	\$ 506,207	\$ 869,050	\$ 793,218
Capital assets	50,149	54,921	1,441,998	1,481,859	1,492,147	1,536,780
Deferred outflows of resources	5,837	10,728	11,674	10,728	17,511	21,456
Total Assets and Deferred Outflows of Resources	<u>\$ 344,654</u>	<u>\$ 352,660</u>	<u>\$ 1,998,794</u>	<u>\$ 1,998,794</u>	<u>\$ 2,378,708</u>	<u>\$ 2,351,454</u>
Other liabilities	\$ 14,961	\$ 11,240	\$ 27,304	\$ 32,036	\$ 42,265	\$ 43,276
Long-term liabilities	5,241	6,281	40,129	6,281	45,370	12,562
Deferred inflows of resources	-	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>\$ 20,202</u>	<u>\$ 17,521</u>	<u>\$ 67,433</u>	<u>\$ 38,317</u>	<u>\$ 87,635</u>	<u>\$ 55,838</u>
Net Position:						
Net investment in capital assets	\$ 50,149	\$ 54,921	\$ 1,441,998	\$ 1,481,859	\$ 1,492,147	\$ 1,536,780
Restricted	47,230	55,927	-	-	47,230	55,927
Unrestricted	227,073	224,291	524,623	478,618	751,696	702,909
Total Net Position	<u>\$ 324,452</u>	<u>\$ 335,139</u>	<u>\$ 1,966,621</u>	<u>\$ 1,960,477</u>	<u>\$ 2,291,073</u>	<u>\$ 2,295,616</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Walstonburg exceeded liabilities and deferred inflows of resources by \$2,291,073 as of June 30, 2021. The Town's net position decreased by \$4,543 for the fiscal year ended June 30, 2021. However, the largest portion (65%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Walstonburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Town of Walstonburg, North Carolina**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

Although the Town of Walstonburg's net investment in its 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 of Walstonburg's net position (2%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Walstonburg's net position \$752,292 is unrestricted.

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

- The Town's financial operations are positively influenced by the tax collection rate of 98.30% on property (excluding registered motor vehicles).

**Town of Walstonburg Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 32,831	\$ 31,407	\$ 463,575	\$ 429,747	\$ 496,406	\$ 461,154
Operating grants and contributions	32,261	7,489	-	-	32,261	7,489
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	65,402	62,037	-	-	65,402	62,037
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	127,005	124,190	-	-	127,005	124,190
Other	303	33,275	263	14,955	566	48,230
Total Revenues	<u>\$ 257,802</u>	<u>\$ 258,398</u>	<u>\$ 463,838</u>	<u>\$ 444,702</u>	<u>\$ 721,640</u>	<u>\$ 703,100</u>
Expenses:						
General government	\$ 177,304	\$ 124,361	\$ -	\$ -	\$ 177,304	\$ 124,361
Public safety	8,000	8,000	-	-	8,000	8,000
Transportation	60,751	83,400	-	-	60,751	83,400
Environmental protection	20,895	19,981	-	-	20,895	19,981
Cultural and recreation	1,539	1,539	-	-	1,539	1,539
Electric	-	-	205,630	183,187	205,630	183,187
Water and sewer	-	-	252,064	241,805	252,064	241,805
Total Expenses	<u>\$ 268,489</u>	<u>\$ 237,281</u>	<u>\$ 457,694</u>	<u>\$ 424,992</u>	<u>\$ 726,183</u>	<u>\$ 662,273</u>
Increase(decrease) in net position	\$ (10,687)	\$ 21,117	\$ 6,144	\$ 19,710	\$ (4,543)	\$ 40,827
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase(decrease) in net position	\$ (10,687)	\$ 21,117	\$ 6,144	\$ 19,710	\$ (4,543)	\$ 40,827
Net position, July 1	335,139	314,022	1,960,477	1,940,767	2,295,616	2,254,789
Net position, June 30	<u>\$ 324,452</u>	<u>\$ 335,139</u>	<u>\$ 1,966,621</u>	<u>\$ 1,960,477</u>	<u>\$ 2,291,073</u>	<u>\$ 2,295,616</u>

**Town of Walstonburg, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

**Governmental Activities.** Governmental activities decreased the Town's net position by \$10,687.

**Business-type Activities.** Business-type activities increased the Town of Walstonburg's net position by \$6,144.

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

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

**Governmental Funds.** The focus of the Town of Walstonburg'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 Walstonburg'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 Walstonburg. At the end of the current fiscal year, Town of Walstonburg's fund balance available in the General Fund was \$224,505, while total fund balance reached \$271,735. The Governing Body of the Town of Walstonburg has determined that the Town should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 87% of general fund expenditures, while total fund balance represents 105% of the same amount.

At June 30, 2021, the governmental fund of Town of Walstonburg reported a fund balance of \$271,735 with a net decrease in fund balance of \$1,397.

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

**Proprietary Funds:** The Town of Walstonburg's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$524,623. The total increase in net position was \$6,144.

**Capital Asset and Debt Administration**

**Capital Assets:** The Town of Walstonburg's investments in capital assets for its governmental and business-type activities as of June 30, 2021 total \$1,441,998 (net of accumulated depreciation). These assets include buildings, land, machinery, equipment, and vehicles.

**Town of Walstonburg, North Carolina  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

**Town of Walstonburg's Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ 15,000
Buildings	31,774	34,931	-	-	31,774	34,931
Plant and distribution system	-	-	1,392,235	1,453,049	1,392,235	1,453,049
Vehicles and motorized equipment	-	-	-	-	-	-
Furniture and equipment	3,161	4,776	20,116	28,810	23,277	33,586
Computer equipment	214	214	-	-	214	214
Construction in progress	-	-	29,647	-	29,647	-
Total	<u>\$ 50,149</u>	<u>\$ 54,921</u>	<u>\$ 1,441,998</u>	<u>\$ 1,481,859</u>	<u>\$ 1,492,147</u>	<u>\$ 1,536,780</u>

Additional information on the Town's capital assets can be found in Note III(A)(4) of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2021 the Town of Walstonburg had debt outstanding in the amount of \$29,647, which was the first draw on a sewer project

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

The following key economic indicators reflect the growth and prosperity of the Town.

- The town is not expecting any economic growth in the next year.

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

**Governmental Activities:** Most rates stayed the same.

**Business-Type Activities:** The town does not anticipate raising water and sewer rates. The Town does not expect to increase taxes during the next fiscal year.

The Town will receive additional loan proceeds to complete a sewer rehabilitation project.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Walstonburg, Post Office 126, Walstonburg, NC 27888 or by calling the Town at (252) 753-5667.



## **Financial Section**

## **Basic Financial Statements**

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

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Assets			
Current assets:			
Cash and cash equivalents	\$ 259,112	\$ 505,480	\$ 764,592
Taxes receivables (net)	1,757	-	1,757
Accrued interest receivable on taxes	215	-	215
Accounts receivable (net)	4,185	53,865	58,050
Due from other governments	2,119	-	2,119
Internal balances	-	-	-
Restricted cash and cash equivalents	21,280	21,037	42,317
Total Current Assets	<u>\$ 288,668</u>	<u>\$ 580,382</u>	<u>\$ 869,050</u>
Non-current Assets:			
Capital assets:			
Land, non-depreciable improvements and construction in progress	\$ 15,000	\$ -	\$ 15,000
Other capital assets, net of depreciation	35,149	1,441,998	1,477,147
Total capital assets	<u>\$ 50,149</u>	<u>\$ 1,441,998</u>	<u>\$ 1,492,147</u>
Total Assets	<u>\$ 338,817</u>	<u>\$ 2,022,380</u>	<u>\$ 2,361,197</u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ 5,837</u>	<u>\$ 11,674</u>	<u>\$ 17,511</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 14,961	\$ 6,267	\$ 21,228
Unavailable revenue	-	-	-
Customer deposits	-	21,039	21,039
Current portion of long-term liabilities	-	-	-
Total Current Liabilities	<u>\$ 14,961</u>	<u>\$ 27,306</u>	<u>\$ 42,267</u>
Long-term liabilities:			
Net pension liability	\$ 5,241	\$ 10,482	\$ 15,723
Total pension liability	-	-	-
Due in more than one year	-	29,647	29,647
Total Long-term liabilities	<u>\$ 5,241</u>	<u>\$ 40,129</u>	<u>\$ 45,370</u>
Total Liabilities	<u>\$ 20,202</u>	<u>\$ 67,435</u>	<u>\$ 87,637</u>
Deferred Inflows of Resources			
Pension deferrals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Net investment in capital assets	\$ 50,149	\$ 1,441,998	\$ 1,492,147
Restricted for:			
Transportation	21,280	-	21,280
Cemetery Perpetual Care	25,950	-	25,950
Stabilization by State Statute	-	-	-
Unrestricted	227,073	524,623	751,696
Total Net Position	<u><u>\$ 324,452</u></u>	<u><u>\$ 1,966,621</u></u>	<u><u>\$ 2,291,073</u></u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 177,304	\$ 941	\$ -	\$ -	\$ (176,363)	\$ -	\$ (176,363)
Public safety	8,000	-	24,765	-	16,765	-	16,765
Transportation	60,751	-	7,337	-	(53,414)	-	(53,414)
Environmental protection	20,895	31,890	159	-	11,154	-	11,154
Cultural and recreation	1,539	-	-	-	(1,539)	-	(1,539)
Total Governmental Activities	<u>\$ 268,489</u>	<u>\$ 32,831</u>	<u>\$ 32,261</u>	<u>\$ -</u>	<u>\$ (203,397)</u>	<u>\$ -</u>	<u>\$ (203,397)</u>
Business-type activities:							
Water and Sewer	252,064	191,196	-	-	-	(60,868)	(60,868)
Electric	205,630	272,379	-	-	-	66,749	66,749
Total business-type activities	<u>\$ 457,694</u>	<u>\$ 463,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,881</u>	<u>\$ 5,881</u>
Total Primary Government	<u>\$ 726,183</u>	<u>\$ 496,406</u>	<u>\$ 32,261</u>	<u>\$ -</u>	<u>\$ (203,397)</u>	<u>\$ 5,881</u>	<u>\$ (197,516)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purpose					\$ 65,402	\$ -	\$ 65,402
Other taxes					-	-	-
Grants and contributions not restricted to specific programs					127,005	-	-
Unrestricted investment earnings					178	263	441
Miscellaneous					125	-	125
Total General Revenues, not including transfers					<u>\$ 192,710</u>	<u>\$ 263</u>	<u>\$ 65,968</u>
Transfers					-	-	-
Change in Net Position					<u>\$ (10,687)</u>	<u>\$ 6,144</u>	<u>\$ (4,543)</u>
Net Position, beginning					335,139	1,960,477	2,295,616
Net Position, ending					<u>\$ 324,452</u>	<u>\$ 1,966,621</u>	<u>\$ 2,291,073</u>

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

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

	<u><b>Major Funds</b></u>
	<u><b>General</b></u>
Assets	
Cash and cash equivalents	\$ 259,112
Restricted cash	21,280
Receivables, net:	
Taxes	1,757
Accounts	4,185
Due from other governments	2,119
Total Assets	<u><u>\$ 288,453</u></u>
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 14,961
Due to other funds	-
Total Liabilities	<u><u>\$ 14,961</u></u>
Deferred Inflows of Resources	
Property taxes receivable	\$ 1,757
Total Deferred Inflows of Resources	<u><u>\$ 1,757</u></u>
Fund Balances	
Non-spendable	
Cemetery Perpetual Care	\$ 25,950
Restricted	
Stabilization by State Statute	-
Streets	21,280
Assigned	
Subsequent year's expenditures	-
Unassigned	224,505
Total fund balance	<u><u>\$ 271,735</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 288,453</u></u>

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

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

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

Ending Fund Balance - Governmental Funds	\$ 271,735
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	50,149
Deferred outflows of resources related to pensions are not reported in the funds.	5,837
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are not reported in the funds.	215
Earned revenues considered deferred inflows of resources in fund statements.	1,757
Net pension liability	(5,241)
Deferred inflows of resources related to pensions are not reported in the funds.	-
Net Position of Governmental Activities	\$ 324,452

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

**Town of Walstonburg, North Carolina**  
**Statement of Revenues, Expenditures And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<u>Major Funds</u>
	<u>General</u>
Revenues	
Ad valorem taxes	\$ 64,735
Other taxes and licenses	-
Unrestricted intergovernmental	127,005
Restricted intergovernmental	32,261
Sales and services	32,831
Investment earnings	178
Miscellaneous	125
Total Revenues	<u>\$ 257,135</u>
Expenditures	
Current:	
General government	\$ 172,026
Public safety	8,000
Transportation	57,611
Environmental protection	20,895
Cultural and recreation	-
Total Expenditures	<u>\$ 258,532</u>
Excess of Revenues Over (Under) Expenditures	\$ (1,397)
Other Financing Sources (Uses)	
Transfers to other funds	\$ -
Insurance recovery	-
Total Other Financing Sources (Uses)	<u>\$ -</u>
Net Change in Fund Balance	\$ (1,397)
Fund Balances	
Beginning of year	273,132
End of year	<u><u>\$ 271,735</u></u>

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

**Town of Walstonburg, North Carolina**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement Activities**  
**For the Year Ended June 30, 2021**

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

Net Change in Fund Balance - Total Governmental Funds	\$	(1,397)
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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 outlay exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized.	\$	-	
Depreciation expense for governmental assets.		<u>(4,772)</u>	(4,772)

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.		5,776
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	-	
Change in unavailable revenue for tax revenues	<u>667</u>	\$ 667

Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense		<u>(10,961)</u>
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Total Changes in Net Position of Governmental Activities	\$	<u><u>(10,687)</u></u>
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The notes to the financial statements are an integral part of this statement.



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

	<b>General Fund</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
			<b>Amounts</b>	<b>Positive</b>
				<b>(Negative)</b>
Revenues				
Ad valorem taxes	\$ 60,168	\$ 60,168	\$ 64,735	\$ 4,567
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	148,910	148,910	127,005	(21,905)
Restricted intergovernmental	18,150	43,150	32,261	(10,889)
Sales and services	27,596	27,596	32,831	5,235
Investment earnings	-	-	178	178
Miscellaneous	-	-	125	125
Total Revenues	<u>\$ 254,824</u>	<u>\$ 279,824</u>	<u>\$ 257,135</u>	<u>\$ (22,689)</u>
Expenditures				
Current				
General government	\$ 158,029	\$ 183,029	\$ 172,026	\$ 11,003
Public safety	8,000	8,000	8,000	-
Transportation	65,795	65,795	57,611	8,184
Environmental protection	23,000	23,000	20,895	2,105
Cultural and recreation	-	-	-	-
Contingency	-	-	-	-
Total Expenditures	<u>\$ 254,824</u>	<u>\$ 279,824</u>	<u>\$ 258,532</u>	<u>\$ 21,292</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,397)</u>	<u>\$ (1,397)</u>
Other Financing Sources (Uses)				
Transfers	\$ -	\$ -	\$ -	\$ -
Insurance Recovery	-	-	-	-
Fund balance appropriated	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,397)</u>	<u>\$ (1,397)</u>
Fund Balances				
Beginning of year			273,132	
End of year			<u>\$ 271,735</u>	

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

**Town of Walstonburg, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Totals</b>
Assets			
Current assets:			
Cash and cash equivalents	\$ 316,958	\$ 188,522	\$ 505,480
Accounts receivable (net)	37,861	16,004	53,865
Due from other funds	148,935	-	148,935
Due from other governments	-	-	-
Prepaid items	-	-	-
Restricted cash and cash equivalents	8,326	12,711	21,037
Total Current Assets	<u>\$ 512,080</u>	<u>\$ 217,237</u>	<u>\$ 729,317</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	\$ -	\$ -	\$ -
Other capital assets, net of depreciation	77,058	1,364,940	1,441,998
Capital assets	<u>\$ 77,058</u>	<u>\$ 1,364,940</u>	<u>\$ 1,441,998</u>
Total Noncurrent Assets	<u>\$ 77,058</u>	<u>\$ 1,364,940</u>	<u>\$ 1,441,998</u>
Total Assets	<u><u>\$ 589,138</u></u>	<u><u>\$ 1,582,177</u></u>	<u><u>\$ 2,171,315</u></u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ 5,837</u>	<u>\$ 5,837</u>	<u>\$ 11,674</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,005	\$ 4,262	\$ 6,267
Due to other funds	-	148,935	148,935
Liabilities payable from restricted assets:			
Customer deposits	8,326	12,711	21,037
Total Current Liabilities	<u>\$ 10,331</u>	<u>\$ 165,908</u>	<u>\$ 176,239</u>
Noncurrent liabilities:			
Net pension liability	\$ 5,241	\$ 5,241	\$ 10,482
N/P-DEQ Loan	-	29,647	29,647
Total noncurrent liabilities	<u>\$ 5,241</u>	<u>\$ 34,888</u>	<u>\$ 40,129</u>
Total Liabilities	<u>\$ 15,572</u>	<u>\$ 200,796</u>	<u>\$ 216,368</u>
Deferred Inflows of Resources			
Pension deferrals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Net investment in capital assets	\$ 77,058	\$ 1,364,940	\$ 1,441,998
Unrestricted	502,345	22,278	524,623
Total Net Position	<u><u>\$ 579,403</u></u>	<u><u>\$ 1,387,218</u></u>	<u><u>\$ 1,966,621</u></u>

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

**Town of Walstonburg, North Carolina**  
**Statement of Revenues, Expenses, And Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Totals</b>
Operating Revenues			
Charges for services	\$ 266,379	\$ 183,997	\$ 450,376
Water and sewer taps	-	60	60
Other operating revenues	6,000	7,139	13,139
Total Operating Revenues	<u>\$ 272,379</u>	<u>\$ 191,196</u>	<u>\$ 463,575</u>
Operating Expenses			
Electric operations	\$ 20,333	\$ -	\$ 20,333
Electric power purchases	180,449	-	180,449
Water treatment and distribution	-	63,449	63,449
Waste collection and treatment	-	123,953	123,953
Depreciation	4,848	64,662	69,510
Total Operating Expenses	<u>\$ 205,630</u>	<u>\$ 252,064</u>	<u>\$ 457,694</u>
Operating income (loss)	<u>\$ 66,749</u>	<u>\$ (60,868)</u>	<u>\$ 5,881</u>
Non-operating Revenues (Expenses)			
Interest earnings	\$ 150	\$ 113	\$ 263
Capital contributions	-	-	-
Interest and other charges	-	-	-
Total Non-operating Revenues (expenses)	<u>\$ 150</u>	<u>\$ 113</u>	<u>\$ 263</u>
Income (loss) Before Contributions and Transfers	<u>\$ 66,899</u>	<u>\$ (60,755)</u>	<u>\$ 6,144</u>
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 66,899</u>	<u>\$ (60,755)</u>	<u>\$ 6,144</u>
Net Position, beginning	<u>512,504</u>	<u>1,447,973</u>	<u>1,960,477</u>
Net Position, ending	<u><u>\$ 579,403</u></u>	<u><u>\$ 1,387,218</u></u>	<u><u>\$ 1,966,621</u></u>

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

**Town of Walstonburg, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<b>Major Enterprise Funds</b>		
	<b>Water and</b>		
	<b>Electric Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
Cash Flows From Operating Activities			
Cash received from customers	\$ 255,254	\$ 185,319	\$ 440,573
Cash paid for goods and services	(185,356)	(137,965)	(323,321)
Cash paid to or on behalf of employees for services	(17,439)	(44,048)	(61,487)
Other operating revenues	6,000	7,139	13,139
Net Cash Provided (used) by Operating Activities	<u>\$ 58,459</u>	<u>\$ 10,445</u>	<u>\$ 68,904</u>
Cash Flows From Noncapital Financing Activities			
(Increase) decrease in advances to other funds	\$ (41,251)	\$ 41,251	\$ -
Transfers from (to) other funds	-	-	-
Net Cash Provided by Noncapital Financing Activities	<u>\$ (41,251)</u>	<u>\$ 41,251</u>	<u>\$ -</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	\$ -	\$ (29,647)	\$ (29,647)
Loan proceeds	-	29,647	29,647
Interest paid on bond maturities and notes payable	-	-	-
Net Cash Provided (used) by Capital and Related Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Flows From Investing Activities			
Interest and dividends	<u>\$ 150</u>	<u>\$ 113</u>	<u>\$ 263</u>
Net Increase (decrease) in Cash and Cash Equivalents	\$ 17,358	\$ 51,809	\$ 69,167
Balances - Beginning of year	<u>307,926</u>	<u>149,424</u>	<u>457,350</u>
Balances - End of year	<u><u>\$ 325,284</u></u>	<u><u>\$ 201,233</u></u>	<u><u>\$ 526,517</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 66,749</u>	<u>\$ (60,868)</u>	<u>\$ 5,881</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$ 4,848	\$ 64,662	\$ 69,510
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(11,125)	1,262	(9,863)
(Increase) decrease in due from other governments	-	4,855	4,855
(Increase) decrease in deferred outflows of resources	(3,691)	2,745	(946)
Increase (decrease) in net pension liability	3,985	216	4,201
Increase (decrease) in deferred inflows	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(2,607)	(4,288)	(6,895)
Increase (decrease) in customer deposits	300	1,861	2,161
Increase (decrease) in accrued vacation pay	-	-	-
Total adjustments	<u>\$ (8,290)</u>	<u>\$ 71,313</u>	<u>\$ 63,023</u>
Net Cash Provided by Operating Activities	<u><u>\$ 58,459</u></u>	<u><u>\$ 10,445</u></u>	<u><u>\$ 68,904</u></u>

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

**Town of Walstonburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies**

The accounting policies of Town of Walstonburg 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 Walstonburg is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town of Walstonburg, North Carolina.

**B. Basis of Presentation**

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

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

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

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

**Town of Walstonburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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 State-shared revenues. The primary expenditures are for public safety, street maintenance sanitation, and general government services.

The Town reports the following major enterprise funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

**Town of Walstonburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. 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 that time until the annual ordinance can be adopted.

**Town of Walstonburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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. 15-31]. The Town may designate, as an official depository, and bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at fair value. Because the NCCMT Government Portfolio has a weighted maturity of less than 90 days, it is projected as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Town of Walstonburg Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 21,280
Total Government Activities	<u>\$ 21,280</u>
Business-type Activities	
Electric Fund	
Customer deposits	\$ 8,326
Water and Sewer Fund	
Customer deposits	12,711
Total Business-type Activities	<u>\$ 21,037</u>
Total Restricted Cash	<u><u>\$ 42,317</u></u>



**Town of Walstonburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. 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 that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$1,000; Buildings, improvements, substations, lines, and other plant and distribution systems, \$1,000; infrastructure, \$2,000; furniture and equipment, \$1,000; computers and computer software, \$1,000; and vehicles, \$1,000. 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.

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

Asset Class	Estimated Useful Lives
Buildings	20
Vehicles	7
Furniture and equipment	7
Computer software	5
Computer equipment	5

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion, pension deferrals in the 2021 fiscal year. In

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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 several items that meet the criterion for this category – property taxes receivables, and deferrals of pension expenses that result from GASB 68.

8. Long-Term Obligations

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

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

9. Compensated Absences

The vacation policy of the Town provides for no accumulation of vacation leave.

10. 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.

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The governmental fund types classify fund balances as follows:

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

Cemetery Perpetual Care – Cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Walstonburg 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 the law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

**Assigned fund balance** – portion of fund balance that Town of Walstonburg intends to use for specific purposes.

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

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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 Walstonburg 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.

The Town of Walstonburg has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

**11. Defined Benefit Cost-Sharing Plans**

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

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

**A. Material Violations of Finance-related Legal and Contractual Provisions**

There were no violations of N.C. General Statutes reported for the year ended June 30, 2021.

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

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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.

At June 30, 2021, the Town's deposits had a carrying amount of \$664,923 and a bank balance of \$508,876. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Petty cash of the Town totaled \$200.

2. Investments

At June 30, 2021, the Town of Walstonburg had \$141,786 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

<b>Investment by Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2021</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust Government Portfolio	Fair Value Level 1	\$ 141,786	N/A	AAAm
Total		\$ 141,786		

- a. The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits as least half of the Town's investment portfolio to maturities of less than 12 months.

b. Credit Risk

The Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

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3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Construction in progress	-	-	-	-
	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>
Capital assets being depreciated:				
Buildings	\$ 62,893	\$ -	\$ -	\$ 62,893
Vehicles and motorized equipment	7,700	-	-	7,700
Furniture and equipment	55,717	-	-	55,717
Computer equipment	813	-	-	813
Total capital assets being depreciated	<u>\$ 127,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,123</u>
Less accumulated depreciation for:				
Buildings	\$ 27,965	\$ 3,154	\$ -	\$ 31,119
Vehicles and motorized equipment	7,700	-	-	7,700
Furniture and equipment	50,938	1,618	-	52,556
Computer equipment	599	-	-	599
Total accumulated depreciation	<u>\$ 87,202</u>	<u>\$ 4,772</u>	<u>\$ -</u>	<u>\$ 91,974</u>
Total capital assets being depreciated, net	<u>\$ 39,921</u>			<u>\$ 35,149</u>
Governmental activity capital assets, net	<u>\$ 54,921</u>			<u>\$ 50,149</u>

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

General government	\$ 2,388
Public safety	-
Transportation	845
Cultural and recreation	1,539
Total Depreciation Expense	<u>\$ 4,772</u>

Capital asset activity for the Town's business-type activities for the year ended June 30, 2021, was as follows:

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	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Electric Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Vehicles	\$ 1,500	\$ -	\$ -	\$ 1,500
Plant and distributions systems	414,228	-	-	414,228
Total capital assets being depreciated	\$ 415,728	\$ -	\$ -	\$ 415,728
Less accumulated depreciation for:				
Vehicles	\$ 1,500	\$ -	\$ -	\$ 1,500
Plant and distributions systems	332,323	4,848	-	337,171
Total capital assets being depreciated	\$ 333,823	\$ 4,848	\$ -	\$ 338,671
Total capital assets being depreciated, net	\$ 81,905			\$ 77,057
Electric fund capital assets, net	\$ 91,825			\$ 77,057
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	29,647	-	29,647
Total capital assets not being depreciated	\$ -	\$ 29,647	\$ -	\$ 29,647
Capital assets being depreciated:				
Plant and distributions systems	\$2,431,041	\$ -	\$ -	\$2,431,041
Furniture and maintenance equipment	73,206	-	-	73,206
Buildings	-	-	-	-
Total capital assets being depreciated	\$2,504,247	\$ -	\$ -	\$2,504,247
Less accumulated depreciation for:				
Plant and distributions systems	\$1,059,895	\$ 55,968	\$ -	\$1,115,863
Vehicles	-	-	-	-
Furniture and maintenance equipment	44,396	8,694	-	53,090
Buildings	-	-	-	-
Total capital assets being depreciated	\$1,104,291	\$ 64,662	\$ -	\$1,168,953
Total capital assets being depreciated, net	\$1,399,956			\$1,335,294
Water and sewer capital assets, net	\$1,399,956			\$1,364,941
Business-type activities capital assets, net	\$1,481,861			\$1,441,998

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**B. Liabilities**

**1. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The Town of Walstonburg is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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. 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 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. The Town of Walstonburg employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Walstonburg contractually required contribution rate for the year



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ended June 30, 2021, was 17.43% of compensation 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 Walstonburg were \$9,920 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 \$15,723 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset 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 asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.00044%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$9,151. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,986	\$ -
Changes of assumptions	1,170	-
Net difference between projected and actual earnings on pension plan investments	2,213	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,367	-
Town contributions subsequent to the measurement date	5,776	-
Total	<u>\$ 17,512</u>	<u>\$ -</u>

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\$5,776 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2022	\$ 4,193
2023	4,285
20234	2,602
2025	655
2026	-
Thereafter	-
	<u>\$ 11,735</u>

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return

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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, 2015 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 31,900	\$ 15,723	\$ 2,279

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

2. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$ 5,776
Differences between expected and actual experience	1,986
Changes of assumptions	1,170
Net difference between projected and actual earnings	2,213
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,367
Total	<u>\$ 17,512</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	\$ -	\$ 1,757
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
	<u>\$ -</u>	<u>\$ 1,757</u>

3. Risk Management

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

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The Town has automatic flood coverage through their property insurance with the League of Municipalities. The property is insured up to \$5,000,000 with a per occurrence deductible of \$50,000.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town has crime coverage for employee dishonesty and forgery alteration, as well as coverage for theft of money or securities inside or outside of the premises. The finance officer is bonded for \$50,000.

**4. Long-term Debt**

**DEQ Sewer Loan:** On December 3, 2020 the Town entered into a direct borrowing rate agreement to accept a loan of \$156,460 in order to rehabilitate the Town's sewer system. The Town received \$29,647 of the loan during the year. The terms of the loan consist of \$156,460 due in annual installments using a twenty-year repayment schedule with an interest rate of 0%. The annual payment is \$8,682.50 and the first payment is due on May 1, 2022 with each subsequent payment due on May 1<sup>st</sup> each year thereafter. The final payment is due on May 1, 2041.

The following table summarizes the annual requirement to amortize all long-term debt outstanding:

E-SRP-W-18-0158			
Sewer Loan			
<u>Year Ended June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,682	\$ 8,682	\$ -
2023	8,682	8,682	-
2024	8,682	8,682	-
2025	8,682	8,682	-
2026	8,682	8,682	-
2027-2031	43,410	43,410	-
2032-2036	43,410	43,410	-
2037-2041	26,230	26,230	-
	<u>\$ 156,460</u>	<u>\$ 156,460</u>	<u>\$ -</u>

The note contains provision that an event of default would result in: (1) declare the unpaid principal components of the Installment Payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover for the breach thereof, (3) as provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner DEQ may reasonably deem appropriate, and (4) avail itself of all available remedies under the Agreement, including execution and foreclosure and recovery of attorney's fees and other expenses.

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5. Changes in Long-Term Liabilities

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Governmental activities:					
Net pension liability (LGERS)	\$ 6,281	\$ (1,040)	\$ 1,040	\$ 5,241	\$ -
Business-type activities:					
<i>Water and Sewer Fund</i>					
Net pension liability (LGERS)	5,025	216	-	5,241	-
Direct borrowing loan	-	29,647	-	29,647	-
<i>Electric Fund</i>					
Net pension liability (LGERS)	1,256	3,985	-	5,241	-
	<u>\$ 12,562</u>	<u>\$ 32,808</u>	<u>\$ 1,040</u>	<u>\$ 45,370</u>	<u>\$ -</u>

6. Claims, Judgements, and Contingent Liabilities

No claims or judgements existed at June 30, 2021.

7. Interfund Balances and Activities

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric	Water and Sewer	\$ 148,935

The interfund balances have resulted from various transactions from previous years and the current year activity. The main activity in the current year to these accounts involved a loan of \$49,400 from the electric fund to the water and sewer fund to assist with cash flow. Heavy rainfall caused an issue with sewer infiltration. Accordingly, sewer processing and repairs increased 40%. For the year ended June 30, 2021, the Water and Sewer Fund set up a payment schedule of \$500 per month.

8. 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	\$ 271,735
Less:	
Cemetery Perpetual Care	25,950
Stabilization by State Statute	-
Streets-Powell Bill	21,280
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	224,505

**Town of Walstonburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

The Town of Walstonburg has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures.

**IV. Related Party Transaction**

The Town has participated in no related party transactions for the year ended June 30, 2021.

**V. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**VI. Subsequent Events**

As of November 29, 2021, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

## **Required Supplementary Financial Data**

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

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



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

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017	2016	2015	2014
Town of Walstonburg's proportion of the net pension liability (asset) (%)	0.00044%	0.00046%	0.00049%	0.00054%	0.00081%	0.00069%	0.00037%	0.00060%
Town of Walstonburg's proportion of the net pension liability (asset) (\$)	\$ 15,723	\$ 12,562	\$ 11,624	\$ 8,250	\$ 17,190	\$ 3,097	\$ (2,182)	\$ 7,232
Town of Walstonburg's covered-employee payroll	\$ 53,180	\$ 51,880	\$ 47,320	\$ 46,830	\$ 55,277	\$ 49,400	\$ 57,039	\$ 55,468
Town of Walstonburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.57%	24.21%	24.56%	17.62%	31.10%	6.27%	-3.83%	13.04%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,920	\$ 8,631	\$ 7,798	\$ 7,091	\$ 6,804	\$ 7,711	\$ 7,118	\$ 8,185
Contributions in relation to the contractually required contributions	9,920	8,631	7,798	7,091	6,804	7,711	7,118	8,185
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Walstonburg's covered-employee payroll	\$ 56,910	\$ 53,180	\$ 51,880	\$ 47,320	\$ 46,830	\$ 55,277	\$ 49,400	\$ 57,039
Contributions as a percentage of covered- employee payroll	17.43%	16.23%	15.03%	14.99%	14.53%	13.95%	14.41%	14.35%

## **Individual Fund Statements and Schedules**

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues			
Ad valorem taxes:			
Taxes	\$ -	\$ 64,216	\$ -
Interest	-	519	-
Total	<u>\$ 60,168</u>	<u>\$ 64,735</u>	<u>\$ 4,567</u>
Other taxes and licenses:			
Motor vehicle licenses	\$ -	\$ -	\$ -
Zoning permits	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unrestricted intergovernmental:			
Local option sales taxes	\$ -	\$ 42,364	\$ -
Tax refunds	-	126	-
Utilities sales tax	-	83,621	-
Beer and wine tax	-	894	-
Total	<u>\$ 148,910</u>	<u>\$ 127,005</u>	<u>\$ (21,905)</u>
Restricted intergovernmental:			
Solid waste disposal tax	\$ -	\$ 159	\$ -
COVID-19	-	24,765	-
Powell Bill allocation	-	7,337	-
Total	<u>\$ 43,150</u>	<u>\$ 32,261</u>	<u>\$ (10,889)</u>
Sales and services:			
Solid waste disposal fees	\$ -	\$ 30,890	\$ -
Permits and fees	-	345	-
Cemetery fees	-	1,000	-
Rent	-	596	-
Total	<u>\$ 27,596</u>	<u>\$ 32,831</u>	<u>\$ 5,235</u>
Investment earnings	<u>\$ -</u>	<u>\$ 178</u>	<u>\$ 10</u>
Miscellaneous:			
Other miscellaneous	-	\$ 125	\$ -
Total	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>
Total Revenues	<u>\$ 279,824</u>	<u>\$ 257,135</u>	<u>\$ (22,689)</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Governing Body:			
Salaries and employee benefits	\$ -	\$ 12,563	\$ -
Professional services	-	7,350	-
Other operating expenditures	-	-	-
Total	<u>\$ 20,063</u>	<u>\$ 19,913</u>	<u>\$ 150</u>
Administration:			
Salaries and employee benefits	\$ -	\$ 25,808	\$ -
Other operating expenditures	-	101,540	-
COVID-19 expenses	-	24,765	-
Total	<u>\$ 162,966</u>	<u>\$ 152,113</u>	<u>\$ 10,853</u>
Elections:			
Other operating expenditures	<u>\$ -</u>		<u>\$ -</u>
Total	<u>                    </u>	<u>\$ -</u>	<u>\$ -</u>
Zoning:			
Other operating expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total General Government	<u>\$ 183,029</u>	<u>\$ 172,026</u>	<u>\$ 11,003</u>
Public Safety:			
Fire:			
Operating expenditures	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ -</u>
Total Public Safety	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits	\$ -	\$ 37,255	\$ -
Powell Bill street expenditures	-	16,057	-
Other operating expenditures	-	4,299	-
Capital outlay	-	-	-
Total Transportation	<u>\$ 65,795</u>	<u>\$ 57,611</u>	<u>\$ 8,184</u>
Environmental Protection:			
Solid Waste:			
Contracted services	\$ -	\$ 13,820	\$ -
Other operating expenditures	-	7,075	-
Capital outlay	-	-	-
Total Environmental Protection	<u>\$ 23,000</u>	<u>\$ 20,895</u>	<u>\$ 2,105</u>

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Cultural and Recreational:			
Capital outlay	\$ -	\$ -	\$ -
Total Cultural and Recreational	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contingency		\$ -	\$ -
Total Expenditures	<u>\$ 279,824</u>	<u>\$ 258,532</u>	<u>\$ 21,292</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (1,397)</u>	<u>\$ (1,397)</u>
Other Financing Sources (uses):			
Transfers to Other Funds:			
Water and Sewer Fund	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance appropriated		\$ -	\$ -
Net change in fund balance	<u><u>\$ -</u></u>	<u>\$ (1,397)</u>	<u><u>\$ (1,397)</u></u>
Fund Balances			
Beginning of year		<u>273,132</u>	
End of year		<u><u>\$ 271,735</u></u>	

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

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
Revenues			
Operating Revenues:			
Electricity sales	\$ -	\$ 266,379	\$ -
Service charges	-	-	-
Restoration charges	-	-	-
Miscellaneous revenues	-	6,000	-
Total Operating Revenues	<u>\$ 256,000</u>	<u>\$ 272,379</u>	<u>\$ 16,379</u>
Nonoperating Revenues:			
Interest earnings	\$ -	\$ 150	\$ 150
Total Revenues	<u>\$ 256,000</u>	<u>\$ 272,529</u>	<u>\$ 16,529</u>
Expenditures			
Electrical Operations:			
Salaries and employee benefits	\$ -	\$ 17,439	\$ -
Equipment repair	-	-	-
Other operating expenditures	-	2,894	-
Contingency reserve	-	-	-
Total	<u>\$ 72,973</u>	<u>\$ 20,333</u>	<u>\$ 52,640</u>
Electrical power purchases	<u>183,027</u>	<u>180,449</u>	<u>2,578</u>
Capital Outlay:			
Equipment	\$ -	\$ -	-
Total Expenditures	<u>\$ 256,000</u>	<u>\$ 200,782</u>	<u>\$ 55,218</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 71,747</u>	<u>\$ 71,747</u>
Other Financing Sources (Uses)			
Fund balance appropriated	\$ -	\$ -	\$ -
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 71,747</u>	<u>\$ 71,747</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		\$ (4,848)	
Transfers		-	
Total		<u>\$ (4,848)</u>	
Change in Net Position		<u>\$ 66,899</u>	

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Water sales	\$ -	\$ 74,550	\$ -
Sewer charges	-	109,447	-
Total	\$ 186,300	\$ 183,997	\$ (2,303)
Water and sewer taps	\$ -	\$ 60	\$ 60
Other operating revenues	7,139	7,139	-
Total operating revenues	\$ 193,439	\$ 191,196	\$ (2,243)
Nonoperating revenues:			
Other revenue	29,647	113	(29,534)
Total revenues	\$ 223,086	\$ 191,309	\$ (31,777)
Expenditures:			
Water treatment and distribution:			
Salaries and employee benefits	\$ -	\$ 22,760	\$ -
Water purchases	-	14,329	-
Contract services	-	3,199	-
Equipment repairs	-	7,616	-
Other operating expenditures	-	15,545	-
Contingency reserve	-	-	-
Total	\$ 69,322	\$ 63,449	\$ 5,873
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits	\$ -	\$ 22,760	\$ -
Sewer processing	-	70,527	-
Equipment repairs	-	30,666	-
Contingency reserve	-	-	-
Total	\$ 124,117	\$ 123,953	\$ 164
Capital outlay:			
Miscellaneous water	\$ -	\$ -	\$ -
Miscellaneous sewer	29,647	29,647	-
Total capital outlay	\$ 29,647	\$ 29,647	\$ -
Total expenditures	\$ 223,086	\$ 217,049	\$ 6,037
Revenues over expenditures	\$ -	\$ (25,740)	\$ (25,740)



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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):			
Fund balance appropriation	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	\$ -	\$ (25,740)	\$ (25,740)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses		\$ (25,740)	
Reconciling items:			
Capital outlay		29,647	
Depreciation		(64,662)	
Transfers in		-	
Total		\$ (35,015)	
Change in net position		\$ (60,755)	

**Town of Walstonburg, North Carolina**  
**Water and Sewer Capital Project Fund - 2018 Sewer Rehabilitation Project**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

	<b>Project</b>	<b>Actual</b>			<b>Variance</b>
	<b>Authorization</b>	<b>Prior</b>	<b>Current</b>	<b>Total to</b>	<b>Favorable</b>
		<b>Years</b>	<b>Year</b>	<b>Date</b>	<b>(Unfavorable)</b>
<b>Revenues:</b>					
Restricted intergovernmental revenues					
State Deq Loan	\$ 156,460	\$ -	\$ 29,647	\$ 29,647	\$ (126,813)
Total Revenues	<u>\$ 156,460</u>	<u>\$ -</u>	<u>\$ 29,647</u>	<u>\$ 29,647</u>	<u>\$ (126,813)</u>
<b>Expenditures:</b>					
Construction	\$ 122,210	\$ -	\$ 29,647	\$ 29,647	\$ 92,563
Engineering	34,250	-	-	-	34,250
Total Expenditures	<u>156,460</u>	<u>-</u>	<u>29,647</u>	<u>29,647</u>	<u>126,813</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **Other Schedules**

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This section contains additional information on property taxes.

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

**Town of Walstonburg, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Year Ended June 30, 2021**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 65,199	\$ 64,093	\$ 1,106
2019-2020	1,176	-	769	407
2018-2019	369	-	365	4
2017-2018	548	-	335	213
2016-2017	187	-	187	-
2015-2016	-	-	-	-
2014-2015	4	-	-	4
2013-2014	3	-	-	3
2012-2013	11	-	-	11
2011-2012	9	-	-	9
<b>Total</b>	<b>\$ 2,307</b>	<b>\$ 65,199</b>	<b>\$ 65,749</b>	<b>\$ 1,757</b>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 64,735
Reconciling items:	
Interest collected	(519)
Discounts, write-offs and adjustments	1,533
Total collections and credits	<u>\$ 65,749</u>

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

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 13,039,800	0.50	\$ 65,199	\$ 55,490	\$ 9,709
Discoveries:					
Current year taxes	-	0.50	-	-	-
Releases	-	0.50	-	-	-
Total Property Valuation	<u>\$ 13,039,800</u>				
Net levy			\$ 65,199	\$ 55,490	\$ 9,709
Uncollected taxes at June 30, 2021			<u>1,106</u>	<u>1,106</u>	<u>-</u>
Current year's taxes collected			<u>\$ 64,093</u>	<u>\$ 54,384</u>	<u>\$ 9,709</u>
Current levy collection percentage			<u>98.30%</u>	<u>98.01%</u>	<u>100.00%</u>