

TOWN OF WELDON, NORTH CAROLINA

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2021

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements
Town of Weldon, North Carolina

Town Council Members

Julia Meacham, Mayor
Larry Brunson, Commissioner
Walter Clark, Jr., Commissioner
Nancy Sandoval, Commissioner
John Smith, Commissioner
Reilyn Stanback, Commissioner

Administrative Staff

Mike Williams, Town Administrator

Town of Weldon, North Carolina
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June 30, 2021

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Financial Section



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Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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 the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Weldon, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and Fire District 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 Management's Discussion and Analysis and the Other Postemployment Benefits' Schedule of changes in the Total OPEB Liability and Related Ratios, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, the Law Enforcement Officers' Special Separation Allocation Schedules of the Changes in Total Pension Liability, and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basis financial statements. Such information, although not a part of the basic financial statement, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basis financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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 to provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Weldon, 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. In my opinion, based on my audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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. Rudman, CPA". The signature is written in a cursive style with a large, sweeping initial 'G'.

Tarboro, North Carolina
November 16, 2021

Management's Discussion and Analysis

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

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

Financial Highlights

- The assets of the Town of Weldon exceeded its liabilities at the close of the fiscal year by \$11,751,361 (net position).
- The government's total net position decreased by \$148,136, due to decreases in the governmental activities net position of \$436,681.
- As of the close of the current fiscal year, the Town of Weldon's governmental funds reported combined ending fund balances of \$1,902,991, a decrease of \$255,362. Approximately 49 percent of this total amount, or \$931,796, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$931,796, or 60 percent of total general fund expenditures for the fiscal year.
- The Town of Weldon's total long-term liabilities increased by \$198,876 (25%) during the current fiscal year. Net pension liability, OPEB liability, and total pension liability increased during the current year. Compensated absences also increased during the current year.

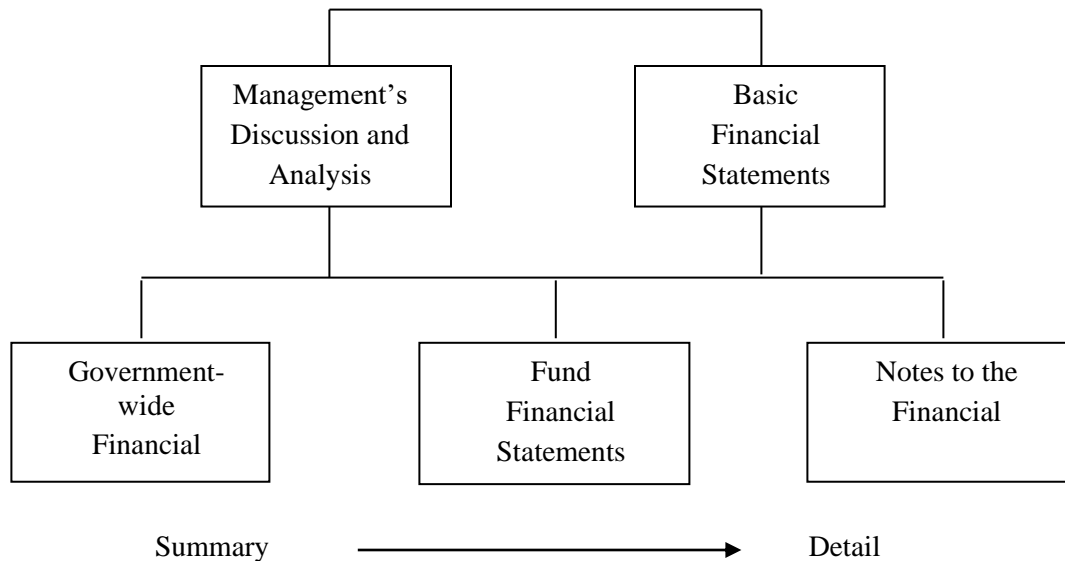
Overview of the Financial Statements

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

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the 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.

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

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. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, 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 services offered by the Town of Weldon.

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

Fund Financial Statements

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

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

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

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

Proprietary Funds – Town of Weldon has one different proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Weldon uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

Government-wide Financial Analysis
Town of Weldon's Net position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$2,043,413	\$2,138,377	\$3,003,755	\$2,536,096	\$ 5,047,168	\$ 4,674,473
Capital assets	1,125,653	1,238,537	6,521,633	6,752,218	7,647,286	7,990,755
Deferred outflows of resources	286,972	189,392	108,693	85,350	395,665	274,742
Total Assets and Deferred Outflows	<u>\$3,456,038</u>	<u>\$3,566,306</u>	<u>\$9,634,081</u>	<u>\$9,373,664</u>	<u>\$13,090,119</u>	<u>\$12,939,970</u>
Long-term liabilities outstanding	\$ 706,148	\$ 537,415	\$ 272,364	\$ 243,824	\$ 978,512	\$ 781,239
Other liabilities	44,798	75,412	78,951	120,614	123,749	196,026
Deferred inflows of resources	192,038	250,658	44,459	47,348	236,497	298,006
Total Liabilities and Deferred Inflows	<u>\$ 942,984</u>	<u>\$ 863,485</u>	<u>\$ 395,774</u>	<u>\$ 411,786</u>	<u>\$ 1,338,758</u>	<u>\$ 1,275,271</u>
Net Position:						
Net investment in capital assets	\$1,125,653	\$1,238,537	\$6,521,633	\$6,752,218	\$ 7,647,286	\$ 7,990,755
Restricted	419,042	498,337	-	-	419,042	498,337
Unrestricted	968,359	1,200,745	2,716,674	2,209,660	3,685,033	3,410,405
Total Net Position	<u>\$2,513,054</u>	<u>\$2,937,619</u>	<u>\$9,238,307</u>	<u>\$8,961,878</u>	<u>\$11,751,361</u>	<u>\$11,899,497</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Weldon exceeded liabilities by \$11,751,361 as of June 30, 2021. The Town's net position decreased by \$148,136 for the fiscal year ended June 30, 2021. The largest portion (65%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Weldon uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Weldon's 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 Weldon's net position (4.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the Town of Weldon's net position \$3,685,033 (31%) is unrestricted.

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

Town of Weldon's Changes in Net position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 244,960	\$ 309,546	\$ 2,012,223	\$ 1,802,712	\$ 2,257,183	\$ 2,112,258
Operating grants and contributions	94,833	64,694	-	-	94,833	64,694
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	768,240	736,864	-	-	768,240	736,864
Other taxes	105	35	-	-	105	35
Unrestricted intergovernmental	415,256	433,690	-	-	415,256	433,690
Other	107,228	87,689	49	3,406	107,277	91,095
Total Revenues	<u>\$ 1,630,622</u>	<u>\$ 1,632,518</u>	<u>\$ 2,012,272</u>	<u>\$ 1,806,118</u>	<u>\$ 3,642,894</u>	<u>\$ 3,438,636</u>
Expenses:						
General government	\$ 344,527	\$ 365,221	\$ -	\$ -	\$ 344,527	\$ 365,221
Public safety	1,071,769	1,055,449	-	-	1,071,769	1,055,449
Transportation	631,178	509,975	-	-	631,178	509,975
Economic and physical development	3,665	2,774	-	-	3,665	2,774
Environmental protection	15,220	14,104	-	-	15,220	14,104
Cultural and recreation	21,710	17,618	-	-	21,710	17,618
Water and sewer	-	-	1,749,153	1,771,686	1,749,153	1,771,686
Total Expenses	<u>\$ 2,088,069</u>	<u>\$ 1,965,141</u>	<u>\$ 1,749,153</u>	<u>\$ 1,771,686</u>	<u>\$ 3,837,222</u>	<u>\$ 3,736,827</u>
Decrease in net position before transfers	(457,447)	(332,623)	263,119	34,432	(194,328)	(298,191)
Transfers	20,766	20,766	(20,766)	(20,766)	-	-
Decrease in net position	<u>\$ (436,681)</u>	<u>\$ (311,857)</u>	<u>\$ 242,353</u>	<u>\$ 13,666</u>	<u>\$ (194,328)</u>	<u>\$ (298,191)</u>
Net Positions, July 1, previously reported	2,937,619	3,249,476	8,961,878	8,948,212	11,899,497	12,197,688
Prior period adjustment	12,116	-	34,076	-	46,192	-
Net Position, July 1, as restated	2,949,735	3,249,476	8,995,954	8,948,212	11,945,689	12,197,688
Net Positions, June 30	<u>\$ 2,513,054</u>	<u>\$ 2,937,619</u>	<u>\$ 9,238,307</u>	<u>\$ 8,961,878</u>	<u>\$ 11,751,361</u>	<u>\$ 11,899,497</u>

Governmental activities. Governmental activities decreased the Town's net position by \$424,565.

Business-type activities. Business-type activities increased the Town of Weldon's net position by \$276,429.

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

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Weldon'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 Weldon'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 Weldon. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$931,796, while total fund balance was \$1,788,367. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 60 percent of total General Fund expenditures and total fund balance was 116 percent of expenditures.

At June 30, 2021, the governmental funds of Town of Weldon reported a combined fund balance of \$1,902,991. That is a \$245,176 decrease from last year.

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

Revenues were \$108,143 less than budgeted amounts. Expenditures were held in check to comply with its budgetary requirements and were \$91,031 less than what was budgeted.

Proprietary Funds. The Town of Weldon's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$2,716,674. Net position increased by \$276,429 for the year. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Weldon's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$7,647,285 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

**Town of Weldon's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and non-depreciable improvements	\$ 298,474	\$ 298,474	\$ 38,500	\$ -	\$ 336,974	\$ 298,474
Buildings and system	239,273	263,160	10,822	14,429	250,095	277,589
Machinery and equipment	78,998	131,875	460,061	461,355	539,059	593,230
Infrastructure	497,791	545,028	5,988,618	6,206,426	6,486,409	6,751,454
Vehicles and motorized equipment	11,117	9,080	23,631	31,508	34,748	40,588
Total	<u>\$1,125,653</u>	<u>\$1,247,617</u>	<u>\$6,521,632</u>	<u>\$6,713,718</u>	<u>\$7,647,285</u>	<u>\$7,961,335</u>

Additional information on the Town's capital assets can be found in Notes I-E and III-A of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the Town of Weldon had total long-term liabilities of \$992,963.

Long-term Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Other postemployment benefits	200,388	161,335	98,699	79,464	299,087	240,799
Net pension liability	302,626	271,713	149,055	133,829	451,681	405,542
Total pension liability	156,264	83,508	-	-	156,264	83,508
Compensated absences	58,587	26,074	27,344	38,164	85,931	64,238
Total	<u>\$717,865</u>	<u>\$542,630</u>	<u>\$275,098</u>	<u>\$251,457</u>	<u>\$992,963</u>	<u>\$794,087</u>

The Town of Weldon's total long-term liabilities increased by \$198,876 (25%) during the current fiscal year. The key factor in this increase was due to the increase in the net pension liability, OPEB liability, and total pension liability during the year.

Additional information regarding the Town of Weldon's long-term debt can be found in Notes III-B of this report.

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

Economic Factors and Next Year's Budgets and Rates

The following indicators reflect Weldon and the surrounding area's economic condition.

- High unemployment - The seasonally adjusted unemployment rate is 8.1% compared to the State average of 4.5%.
- No significant jobs have been created.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The property tax rate remained 77 cents per \$100 valuation.

Budgeted expenditures in the General Fund are expected to remain consistent.

Business-type Activities: Water and sewer rates will not be changed.

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 Finance Officer, Town of Weldon, P.O. Box 551, Weldon, NC 27890, and phone (252) 536-4836.

Basic Financial Statements

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	1,525,199	2,689,692	4,214,891
Restricted cash	79,550	50,336	129,886
Taxes receivables (net)	59,606	-	59,606
Accrued interest receivables on taxes	37,713	-	37,713
Accounts receivable (net)	106,547	187,178	293,725
Inventory	-	76,549	76,549
Total Current Assets	<u>1,808,615</u>	<u>3,003,755</u>	<u>4,812,370</u>
Non-current Assets:			
Promissory note receivable	\$ 234,798	\$ -	\$ 234,798
Capital assets:			
Land, non-depreciable improvements, and construction in progress	298,474	38,500	336,974
Other capital assets, net of depreciation	827,179	6,483,133	7,310,312
Total Capital Assets	<u>1,125,653</u>	<u>6,521,633</u>	<u>7,647,286</u>
Total Non-current Assets	<u>1,360,451</u>	<u>6,521,633</u>	<u>7,882,084</u>
Total Assets	<u>3,169,066</u>	<u>9,525,388</u>	<u>12,694,454</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	249,713	90,341	340,054
OPEB deferrals	37,259	18,352	55,611
Total Deferred Outflows of Resources	<u>286,972</u>	<u>108,693</u>	<u>395,665</u>
LIABILITIES			
Current Liabilities:			
Accounts payable & accrued liabilities	33,081	25,881	58,962
Customer deposits	-	50,336	50,336
Compensated absences payable	11,717	2,734	14,451
Total Current Liabilities	<u>44,798</u>	<u>78,951</u>	<u>123,749</u>
Long-term Liabilities:			
Net pension liability	302,626	149,055	451,681
Total pension liability	156,264	-	156,264
Compensated absences payable	46,870	24,610	71,480
Other postemployment benefits	200,388	98,699	299,087
Total Non-current Liabilities	<u>706,148</u>	<u>272,364</u>	<u>978,512</u>
Total Liabilities	<u>750,946</u>	<u>351,315</u>	<u>1,102,261</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	131,557	19,606	151,163
Cemetery lots	1,805	-	1,805
Prepaid taxes	8,217	-	8,217
OPEB deferrals	50,459	24,853	75,312
Total Deferred Inflows of Resources	<u>192,038</u>	<u>44,459</u>	<u>236,497</u>
NET POSITION			
Net invested in capital assets	1,125,653	6,521,633	7,647,286
Restricted for:			
Streets	79,550	-	79,550
Stabilization by State Statute	104,694	-	104,694
Economic development	234,798	-	234,798
Unrestricted	968,359	2,716,674	3,685,033
Total Net Position	<u>2,513,054</u>	<u>9,238,307</u>	<u>11,751,361</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital Grants	Primary Government		
		Services	Grants and	and	Governmental	Business-type	Total
			Contributions	Contributions	Activities	Activities	
Primary Government:							
Governmental Activities:							
General government	\$ 344,527	\$ 34,800	\$ 35,200	\$ -	\$ (274,527)	\$ -	\$ (274,527)
Public safety	1,071,769	9,723	15,576	-	(1,046,470)	-	(1,046,470)
Transportation	631,178	800	42,939	-	(587,439)	-	(587,439)
Economic and Physical Development	3,665	-	-	-	(3,665)	-	(3,665)
Environmental protection	15,220	197,787	1,118	-	183,685	-	183,685
Cultural and recreational	21,710	1,850	-	-	(19,860)	-	(19,860)
Total Governmental Activities (See Note 1)	\$ 2,088,069	\$ 244,960	\$ 94,833	\$ -	\$ (1,748,276)	\$ -	\$ (1,748,276)
Business-type Activities:							
Water and sewer	\$ 1,771,686	\$ 1,802,712	\$ -	\$ -	\$ -	\$ 263,070	\$ 263,070
Total Business-type Activities	\$ 1,771,686	\$ 1,802,712	\$ -	\$ -	\$ -	\$ 263,070	\$ 263,070
Total Primary Government	\$ 3,859,755	\$ 2,047,672	\$ 94,833	\$ -	\$ (1,748,276)	\$ 263,070	\$ (1,485,206)
General Revenues:							
Ad valorem taxes					\$ 768,240	\$ -	\$ 768,240
Other taxes and licenses					105	-	105
Unrestricted intergovernmental					415,256	-	415,256
Unrestricted investment earnings					579	49	628
Miscellaneous					106,649	-	106,649
Total General Revenues not including transfers					\$ 1,290,829	\$ 49	\$ 1,290,878
Transfers					20,766	\$ (20,766)	\$ -
Change in Net Position					(436,681)	242,353	(194,328)
Net Position, beginning					2,937,619	8,961,878	11,899,497
Prior period adjustment					12,116	34,076	46,192
Net Position, ending					\$ 2,513,054	\$ 9,238,307	\$ 11,751,361

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

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

	<u>Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>General Fund</u>	<u>Fire District</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,410,575	\$ -	\$ 114,624	\$ 1,525,199
Restricted cash	79,550	-	-	79,550
Receivables, net:				
Taxes	59,606	-	-	59,606
Accounts	104,694	-	1,853	106,547
Promissory note receivable	234,798	-	-	234,798
Total Assets	<u>\$ 1,889,223</u>	<u>\$ -</u>	<u>\$ 116,477</u>	<u>\$ 2,005,700</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 33,033	\$ -	\$ 48	\$ 33,081
Total Liabilities	<u>\$ 33,033</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 33,081</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes uncollected	\$ 59,606	\$ -	\$ -	\$ 59,606
Cemetery lots	-	-	1,805	1,805
Prepaid taxes	8,217	-	-	8,217
Total Deferred Inflows of Resources	<u>\$ 67,823</u>	<u>\$ -</u>	<u>\$ 1,805</u>	<u>\$ 69,628</u>
Fund Balances:				
Nonspendable:				
Economic development	\$ 234,798	\$ -	\$ -	\$ 234,798
Restricted:				
Stabilization by State Statute	104,694	-	-	104,694
Streets	79,550	-	-	79,550
Assigned:				
Subsequent year's expenditures	437,529	-	-	437,529
Library & cemetery	-	-	114,624	114,624
Unassigned	931,796	-	-	931,796
Total Fund Balances	<u>\$ 1,788,367</u>	<u>\$ -</u>	<u>\$ 114,624</u>	<u>\$ 1,902,991</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,889,223</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 116,477</u></u>	<u><u>\$ 2,005,700</u></u>

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

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

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

Fund balance as reported in the balance sheet governmental funds	\$ 1,902,991
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,125,653
Deferred outflows of resources related to pensions are not reported in the funds	249,713
Deferred inflows of resources related to pensions are not reported in the funds	37,259
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accrued interest receivable on taxes	37,713
Liabilities for earned but deferred revenues in fund statements	59,606
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:	
Pension related deferrals	(131,557)
OPEB related deferrals	(50,459)
Compensated absences payable	(58,587)
Other postemployment benefits	(200,388)
Net pension liability	(302,626)
Total pension liability	<u>(156,264)</u>
Net Position of Governmental Activities	<u><u>\$ 2,513,054</u></u>

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

Town of Weldon, 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>Total</u>	<u>Total</u>
	<u>General Fund</u>	<u>Fire District</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
REVENUES				
Ad valorem taxes	\$ 635,055	\$ 122,484	\$ -	\$ 757,539
Other taxes and licenses	105	-	-	105
Unrestricted intergovernmental	392,780	22,476	-	415,256
Restricted intergovernmental	94,833	-	-	94,833
Permits and fees	24,452	-	-	24,452
Sales and services	190,508	-	30,000	220,508
Investment earnings	579	-	-	579
Miscellaneous	85,562	21,087	-	106,649
Total Revenues	<u>\$ 1,423,874</u>	<u>\$ 166,047</u>	<u>\$ 30,000</u>	<u>\$ 1,619,921</u>
EXPENDITURES				
Current:				
General government	\$ 305,238	\$ -	\$ -	\$ 305,238
Public safety	607,759	343,140	-	950,899
Public works	631,178	-	-	631,178
Environmental protection	-	-	15,220	15,220
Culture and recreation	431	-	20,473	20,904
Total Expenditures	<u>\$ 1,544,606</u>	<u>\$ 343,140</u>	<u>\$ 35,693</u>	<u>\$ 1,923,439</u>
Excess (Deficiency) of Revenues Over	<u>\$ (120,732)</u>	<u>\$ (177,093)</u>	<u>\$ (5,693)</u>	<u>\$ (303,518)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	\$ 20,766	\$ 177,093	\$ 20,473	\$ 218,332
Transfers to other funds	(197,566)	-	-	(197,566)
Total Other Financing Sources (Uses)	<u>\$ (176,800)</u>	<u>\$ 177,093</u>	<u>\$ 20,473</u>	<u>\$ 20,766</u>
Net Change in Fund Balances	\$ (297,532)	\$ -	\$ 14,780	\$ (282,752)
Fund Balances, beginning	2,048,323	-	99,844	2,148,167
Prior period adjustment	37,576	-	-	37,576
Fund Balances, ending	<u>\$ 1,788,367</u>	<u>\$ -</u>	<u>\$ 114,624</u>	<u>\$ 1,902,991</u>

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

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

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

Net changes in fund balances - total governmental funds	\$ (282,752)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(123,836)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	117,825
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in deferred revenue for tax revenues	10,701
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(111,288)
Other postemployment benefits	(14,818)
Change in compensated absences	(32,513)
Total Changes in Net Position of Governmental Activities	<u><u>\$ (436,681)</u></u>

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

Town of Weldon, North Carolina
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	General Fund				Fire District Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES								
Ad valorem taxes	\$ 628,302	\$ 627,802	\$ 635,055	\$ 7,253	\$ 114,229	\$ 114,229	\$ 122,484	\$ 8,255
Other taxes and licenses	-	-	105	105	-	-	-	-
Unrestricted intergovernmental	432,988	432,988	392,780	(40,208)	20,000	20,000	22,476	2,476
Restricted intergovernmental	47,046	184,585	94,833	(89,752)	-	-	-	-
Permits and fees	-	16,900	24,452	7,552	-	-	-	-
Sales and services	222,400	205,500	190,508	(14,992)	-	-	-	-
Investment earnings	52,632	52,632	579	(52,053)	-	-	-	-
Miscellaneous	3,500	-	85,562	85,562	7,100	-	21,087	21,087
Total Revenues	<u>\$ 1,386,868</u>	<u>\$ 1,520,407</u>	<u>\$ 1,423,874</u>	<u>\$ (96,533)</u>	<u>\$ 141,329</u>	<u>\$ 134,229</u>	<u>\$ 166,047</u>	<u>\$ 31,818</u>
EXPENDITURES								
Current:								
General government	\$ 343,909	\$ 350,093	\$ 305,238	\$ 44,855	\$ -	\$ -	\$ -	\$ -
Public safety	602,932	635,842	607,759	28,083	380,157	380,157	343,140	37,017
Public works	509,952	638,652	631,178	7,474	-	-	-	-
Cultural and recreational	11,050	11,050	431	10,619	-	-	-	-
Total Expenditures	<u>\$ 1,467,843</u>	<u>\$ 1,635,637</u>	<u>\$ 1,544,606</u>	<u>\$ 91,031</u>	<u>\$ 380,157</u>	<u>\$ 380,157</u>	<u>\$ 343,140</u>	<u>\$ 37,017</u>
Revenues over (under) expenditures	<u>\$ (80,975)</u>	<u>\$ (115,230)</u>	<u>\$ (120,732)</u>	<u>\$ (5,502)</u>	<u>\$ (238,828)</u>	<u>\$ (245,928)</u>	<u>\$ (177,093)</u>	<u>\$ 68,835</u>
Other financing sources (uses):								
Transfers from other funds	\$ 20,766	\$ 20,766	\$ 20,766	\$ -	\$ 238,828	\$ 238,828	177,093	\$ (96,009)
Transfers to other funds	(254,313)	(254,313)	(197,566)	(56,747)	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ (233,547)</u>	<u>\$ (233,547)</u>	<u>\$ (176,800)</u>	<u>\$ (56,747)</u>	<u>\$ 238,828</u>	<u>\$ 238,828</u>	<u>\$ 177,093</u>	<u>\$ (96,009)</u>
Fund balance appropriated	<u>\$ 314,522</u>	<u>\$ 337,167</u>	<u>\$ -</u>	<u>\$ (337,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (11,610)</u>	<u>\$ (297,532)</u>	<u>\$ (399,416)</u>	<u>\$ -</u>	<u>\$ (7,100)</u>	<u>\$ -</u>	<u>\$ (27,174)</u>
Fund balances, beginning			2,048,323				-	
Prior period adjustment			37,576				-	
Fund balances, ending			<u>\$ 1,788,367</u>				<u>\$ -</u>	

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

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

	Major Enterprise Fund Water and Sewer Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,689,692
Accounts receivable (net)	187,178
Inventory	76,549
Restricted cash and cash equivalents	50,336
Total Current Assets	<u>\$ 3,003,755</u>
Non-current Assets:	
Capital Assets:	
Land and construction in progress	\$ 38,500
Other capital assets, net of depreciation	6,483,133
Capital assets (net)	<u>\$ 6,521,633</u>
Total Non-current Assets	<u>\$ 6,521,633</u>
Total Assets	<u>\$ 9,525,388</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	\$ 90,341
OPEB deferrals	18,352
Total deferred outflows of resources	<u>\$ 108,693</u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 25,881
Customer deposits	50,336
Compensated absences payable-current	2,734
Total Current Liabilities	<u>\$ 78,951</u>
Non-current Liabilities:	
Net pension liability	\$ 149,055
Compensated absences payable-noncurrent	24,610
Other postemployment benefits	98,699
Total Non-current Liabilities	<u>\$ 272,364</u>
Total Liabilities	<u>\$ 351,315</u>
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB deferrals	<u>\$ 44,459</u>
NET POSITION	
Net invested in capital assets	\$ 6,521,633
Unrestricted	2,716,674
Total Net Position	<u>\$ 9,238,307</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 9,634,081</u></u>

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

Town of Weldon, North Carolina
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2021

	Major Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 1,991,484
Other operating revenues:	
Penalties and late fees	15,151
Miscellaneous	5,588
Total Operating Revenues	<u>\$ 2,012,223</u>
OPERATING EXPENSES	
Water administration and operations	\$ 945,372
Sewer administration and operations	525,804
Depreciation	277,977
Total Operating Expenses	<u>\$ 1,749,153</u>
Operating Income (Loss)	<u>\$ 263,070</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 49
Total Non-operating Revenue (Expenses)	<u>\$ 49</u>
Income (Loss) Before Transfers	\$ 263,119
Transfers-out	<u>(20,766)</u>
Change in Net Position	\$ 242,353
Total Net Position, beginning	8,961,878
Prior period adjustment	34,076
Total Net Position, ending	<u><u>\$ 9,238,307</u></u>

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

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

	Major Enterprise Funds Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,002,984
Cash paid for goods and services	(808,877)
Cash paid to or on behalf of employees for services	(673,139)
Net Cash Provided (Used) by Operating Activities	<u>\$ 520,968</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers to other funds	\$ (20,766)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (20,766)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>\$ (47,392)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	<u>\$ 49</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 452,859
Balances, beginning	2,287,169
Balances, ending	<u><u>\$ 2,740,028</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 263,070</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	277,977
Changes in Assets and Liabilities:	
(Increase) decrease in inventory	(5,561)
(Increase) decrease in accounts receivable	(9,239)
Increase (decrease) in accounts payable and accrued liabilities	(4,242)
Increase (decrease) in customer deposits	1,554
Increase (decrease) in compensated absences payable	(10,820)
Increase in net pension liability	15,226
(Increase) decrease in deferred outflows of resources for pensions	(23,343)
Increase (decrease) in deferred inflows of resources for pensions	(2,889)
Increase (decrease) in other postemployment benefits	19,235
Total Adjustments	<u>\$ 257,898</u>
Net Cash Provided by Operating Activities	<u><u>\$ 520,968</u></u>

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

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Weldon 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 Weldon is a municipal corporation that is governed by an elected mayor and a council. The Town has no component units (legally separate entities for which the Town is financially accountable).

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display 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. 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 not fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any 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 Weldon, 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. It is used to account 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 streets and highways, sanitation, and general government services.

Fire District Fund. This fund is used to account for the operations of the Weldon Fire Department. The primary revenue sources are fire district taxes, contributions from the General Fund, and sales tax distributions from the County. The primary expenditures are for public safety.

The Town reports the following non-major governmental funds:

Library Fund. This fund is used to account for the operations of the Weldon Memorial Library.

Cemetery Fund. The fund is used to account for the care and maintenance of the Municipal Cemetery.

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing water and sewer operations. The principal operating revenue of the Town's enterprise fund is charges to customers for sales and services.

Town of Weldon, 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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 the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Weldon because the tax is levied by Halifax County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. 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 are 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 by 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 all 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 departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Finance Officer is authorized to transfer appropriations within a fund up to 10% of the appropriated monies for the department whose

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

allocation is reduced; however, the governing board must be subsequently notified about such transfers. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, 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 NCCMT – Government Portfolio, a SEC registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios has a weighted average maturity of less than 90 days, they are presented 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. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

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

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

Town of Weldon Restricted Cash

Governmental Activities:

General Fund

Streets

\$ 79,950

Business-type Activities:

Water and Sewer Fund

Customer deposits

\$ 50,336

4. Ad Valorem Taxes Receivable

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

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. Inventory and Prepaid Items

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is recorded as an expense as the inventories are consumed.

7. Capital Assets

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

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

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

Asset Class	Estimated Useful Lives
Infrastructure	25 – 35
Buildings	30 – 40
Improvements	20 – 30
Furniture and Equipment	5 – 10
Vehicles	5 – 7
Computer Equipment	5

8. 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 two items that meets that criterion, contributions made to the pension plan in the 2021 fiscal year and OPEB deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has four items that meet the criterion for this category – cemetery lots receivable, property taxes receivable, deferrals of pension expense that result from the implementation of GASB Statement 68 and OPEB deferrals.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

10. Compensated Absences

The vacation policies of the Town provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time.

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

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

11. Net position/Fund Balances

a. Net position

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; 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.

b. Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Economic Development – portion of fund balance that is not an available resource because it represents the year-end balance of a promissory note receivable.

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*

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

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.

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

Assigned for Fire Department, Cemetery, and Library - portion of fund balance that has been assigned for the operation of the departments.

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

12. Pensions

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 Weldon’s employer contributions are recognized when due and the Town of Weldon 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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters’ and Rescue Squad Workers’ Pension Fund (FRSWPF) and additions to/deductions from FRSWPF’s fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

II. Stewardship, Compliance, and Accountability

Material Violations of Finance-Related Legal and Contractual Provisions

A. Non-compliance with North Carolina General Statutes

No instances of noncompliance during the year.

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$1,136,659 and a bank balance of \$1,148,480. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$250.

2. Investments

At June 30, 2021, the Town of Weldon had \$3,207,868 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.

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

At June 30, 2021, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2021	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 3,207,868	N/A	AAAm
Total		\$ 3,207,868		

a. Interest Rate Risk

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 at least half of the Town's investment portfolio to maturities of less than 12 months. Also, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

b. Credit Risk

The Town has adopted a formal policy regarding credit risk and 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.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>6/30/2021</u>
General Fund	\$ 47,870
Water & Sewer Fund	48,488
Total	<u>\$ 96,358</u>

4. Promissory Note Receivable

In April 2006, the Town sold certain property in exchange for a promissory note receivable in the amount of \$336,000. Payments on the note began in the fiscal year ended June 30, 2009. Annual payments on the note are \$11,200 and are due over 30 years. This is a non-interest-bearing note. The balance at June 30, 2021 was \$234,798.

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

5. Capital Assets

Primary Government

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	\$ 298,474	\$ -	\$ -	\$ 298,474
Total Capital Assets Not Being Depreciated	\$ 298,474	\$ -	\$ -	\$ 298,474
Capital Assets Being Depreciated:				
Buildings	\$ 949,024	\$ -	\$ -	\$ 949,024
Vehicles and motorized equipment	1,209,683	-	-	1,209,683
Equipment	1,229,356	-	165	1,229,191
Infrastructure	1,255,771	-	-	1,255,771
Total Capital Assets Being Depreciated	\$4,643,834	\$ -	\$ 165	\$4,643,669
Less accumulated depreciation for:				
Buildings	\$ 685,864	\$ 23,887	\$ -	\$ 709,751
Vehicles and motorized equipment	1,200,603	-	2,037	1,198,566
Equipment	1,097,481	52,712	-	1,150,193
Infrastructure	710,743	47,237	-	757,980
Total accumulated depreciation	\$3,694,691	\$123,836	\$ 2,037	\$3,816,490
Total Capital Assets Being Depreciated, Net	949,143			827,179
Governmental Activity Capital Assets, Net	\$1,247,617			\$1,125,653

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

General government	\$ 24,471
Public safety	94,894
Economic development	3,665
Cultural and recreational	806
Total Depreciation Expense	<u>\$ 123,836</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 38,500	\$ -	\$ -	\$ 38,500
Total Capital Assets Not Being Depreciated	\$ 38,500	\$ -	\$ -	\$ 38,500
Capital Assets Being Depreciated:				
Buildings	\$ 116,102	\$ -	\$ -	\$ 116,102
Equipment	986,290	29,110	-	1,015,400
Vehicles	199,934	-	-	199,934
Plant and improvements	12,854,573	18,281	-	12,872,854
Total Capital Assets Being Depreciated	\$ 14,156,899	\$ 47,391	\$ -	\$ 14,204,290
Less accumulated depreciation for:				
Buildings	\$ 101,673	\$ 3,607	\$ -	\$ 105,280
Equipment	524,935	30,404	-	555,339
Vehicles and motorized equipment	168,426	7,877	-	176,303
Plant and improvements	6,648,147	236,089	-	6,884,236
Total Accumulated Depreciation	\$ 7,443,181	\$ 277,977	\$ -	\$ 7,721,158
Total Capital Assets Being Depreciated, Net	\$ 6,713,718			\$ 6,483,132
Business-type Activity Capital Assets, Net	\$ 6,713,718			\$ 6,521,632

B. Liabilities

1. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Weldon 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 Town to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Weldon 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 Weldon's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.29% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Weldon were \$117,725 for the year ended June 30, 2021.

Town of Weldon, North Carolina
Notes to the Financial Statements
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 \$451,681 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.01264%, which was a decrease of 0.00221% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$137,238. 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	\$ 57,039	\$ -
Changes of assumptions	33,614	-
Net difference between projected and actual earnings on pension plan investments	63,562	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,722	59,411
Town contributions subsequent to the measurement date	117,825	-
Total	<u>\$ 273,762</u>	<u>\$ 59,411</u>

\$117,825 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:

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

<u>Year ended June 30</u>	
2022	\$ 23,363
2023	36,029
2024	18,321
2025	18,811
2026	-
Thereafter	-
	<u>\$ 96,524</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 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, 2021 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<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 (7.00 percent) or one percentage point higher (7.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 916,412	\$ 451,681	\$ 65,457

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.

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

b. Law Enforcement Officers Special Separation Allowance

1) *Plan Description*

The Town of Weldon administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the Town to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to by not yet received benefits	-
Active plan members	<u>6</u>
Total	<u><u>6</u></u>

A separate report was not issued for the plan.

2) *Summary of Significant Accounting Policies*

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

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

3) *Actuarial Assumptions*

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

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

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

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

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

4) *Contributions*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by the Town or its employees for fiscal year 2021.

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

At June 30, 2021, the Town reported a total pension liability of \$156,264. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of (\$3,259).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,653	\$ 87,516
Changes of assumptions	58,639	4,236
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 66,292</u>	<u>\$ 91,752</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

<u>Year ended June 30</u>	
2022	\$ (12,213)
2023	(12,157)
2024	(13,862)
2025	(3,013)
2026	8,825
Thereafter	6,960
	<u>\$ (25,460)</u>

\$0 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Town's proportionate share of the net pension liability (asset)	\$ 170,226	\$ 156,264	\$ 143,337

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

	<u>2020</u>
Beginning balance	\$ 83,508
Service cost	5,888
Interest on the total pension liability	2,722
Changes of benefit terms	-
Differences between expected and actual experience in the	4,545
Changes of assumptions or other inputs	59,601
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 156,264</u>

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

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

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 137,238	\$ (3,259)	\$ 133,979
Pension Liability	451,681	156,264	607,945
Proportionate share of the net pension liability	0.01264%	n/a	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	57,039	7,653	64,692
Changes of assumptions	33,614	58,639	92,253
Net difference between projected and actual earnings on plan investments	63,562	-	63,562
Changes in proportion and differences between contributions and proportionate share of contributions	1,722	-	1,722
Benefit payments and administrative costs paid subsequent to the measurement date	117,825	-	117,825
Deferred of Inflows of Resources:			
Differences between expected and actual experience	-	87,516	87,516
Changes of assumptions	-	4,236	4,236
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	59,411	-	59,411

c. Supplemental Retirement Income Plan for Law Enforcement Officers

1) *Plan Description*

The Town of contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

2) *Funding Policy*

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The contributions for the year ended June 30, 2016 were \$28,498 which consisted of \$14,973 from the Town and \$13,525 from the law enforcement officers.

d. Other Post-employment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of the Town's resolution, the Town administers a single employer defined benefit Healthcare Benefits plan (the HCB Plan). As of February 6, 2006 this plan provides postemployment healthcare benefits to retirees of the Town, provided they have at least twenty (20) years of services with the Town and at least thirty (30) years of service with the North Carolina Local Government Employees' Retirement System (the "System"). The Town will pay the full costs of coverage through private insurers until the retiree becomes eligible for Medicare. Coverage will continue until the retiree reaches age 65, at which time group health insurance benefits will end. Healthcare, prescription drug, dental, and life insurance are provided in the Town's group health insurance plan. Eligible retirees will receive \$15,000 in life insurance. Dependent coverage is not offered under the Town's plan.

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	<u>Employees</u>
Retirees and dependents receiving benefits	1
Terminated plan members entitled to by not yet received benefits	-
Active plan members	<u>26</u>
Total	<u><u>27</u></u>

Funding Policy. The Town pays the cost of coverage for the healthcare paid to qualified retirees under a Town resolution that can be amended by Town Council. Dependent coverage is not provided under the Town's plan. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. A separate report was not issued for the plan.

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

Total OPEB Liability

The District's Total OPEB Liability (TOL) of \$299,087 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Paragraph 166: Listed below is the information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule C. The TOL was determined by an actuarial valuation as of June 30, 2019, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary Increases, including wage inflation:	
General employees	3.50% - 7.75%
Municipal Bond Index Rate:	
Prior measurement date	3.50%
Measurement date	2.21%
Health Care Cost Trends:	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

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

Paragraph 167(a): This paragraph requires disclosure of the sensitivity of the TOL to changes in the health care cost trend rates. The following exhibit presents the TOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's TOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 250,747	\$ 299,087	\$ 360,240

Paragraph 167(b): This paragraph requires disclosure of the sensitivity of the TOL to changes in the discount rate. The following exhibit presents the TOL of the Plan, calculated using the discount rate of 3.50%, as well as what the Plan's TOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount Rate Sensitivity

	1% Decrease (-1.21%)	Current Discount Rate (-2.21%)	1% Increase (-3.21%)
Total OPEB Liability	\$ 339,543	\$ 299,087	\$ 263,854

Paragraph 168(a)-(c): This paragraph requires a schedule of changes in the TOL. The needed information is shown in the following table:

Changes in the TOL

Total OPEB Liability as of June 30, 2019	\$ 240,799
Changes for the year:	
Service Cost at the end of the year*	14,859
Interest on TOL and Cash Flows	8,691
Change in benefit terms	-
Difference between expected and actual experience	5,010
Changes of assumptions or other inputs	44,546
Benefit payments and implicit subsidy credit	(14,818)
Other	-
Net Changes	58,288
Total OPEB Liability as of June 30, 2020	\$ 299,087

* The service cost includes interest for the year.

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

Paragraph 168(d): The employer does not have a special funding situation.

Paragraph 169(a): The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2019. An expected TOL is determined as of June 30, 2019, the Prior Measurement Date, using standard roll back techniques. The roll back calculation begins with the TOL, as of the Measurement Date, June 30, 2020, adds the expected benefit payments for the year, deducts interest at the Discount Rate for the year, and then subtracts the annual Normal Cost (also called the Service Cost).

CMC has assumed no significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date. If a significant change, other than the change in the Municipal Bond Index Rate, has occurred between the Valuation Date and the Measurement Date, an updated valuation may need to be performed.

Paragraph 169(b): Our understanding is that the employer does not have a special funding situation.

Paragraph 169(c): Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.21% due to a change in the Municipal Bond Rate.

Paragraph 169(d): There are no changes in benefit terms since the Prior Measurement Date.

Paragraph 169(e): No benefit payments are attributable to the purchase of allocated insurance contracts.

Paragraph 169(f): CMC was not expected to supply this information.

Paragraph 169(g): Please see Section IV for the development of the OPEB Expense (OE).

Paragraph 169(h)(1)-(2): Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense, they are labeled Deferred Outflows of Resources. If they serve to reduce OPEB Expense, they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive Plan members at the beginning of the measurement period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2021:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,334	\$ 51,411
Changes of assumptions or other inputs	42,277	23,901
Total	<u>\$ 55,611</u>	<u>\$ 75,312</u>

Paragraph 169(h)(3): Our understanding is that the employer does not have a special funding situation.

Paragraph 169(h)(4): CMC was not expected to supply this information.

Paragraph 169(i)(1)-(2): Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

<u>Measurement Period Ended June 30:</u>	
2022	\$ (3,208)
2023	(3,208)
2024	(3,208)
2025	(3,208)
2026	(3,208)
Thereafter	(3,661)

Paragraph(i)(3): Our understanding is that the employer does not have a special funding situation.

Paragraph(j): CMC was not expected to supply this information.

e. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee's Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's twelve highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has not liability beyond the payment of monthly contributions.

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

Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town considers these contributions to be immaterial.

The Town provides \$15,000 in life insurance coverage to full-time employees. Employees may elect to purchase additional coverage and/or to ensure family members under this plan at their expense subject to the stipulations of the insurance contract.

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 117,825
Differences between expected and actual experience	78,026
Changes in assumptions	134,530
Net difference between projected and actual	63,562
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,722
	<u>\$ 395,665</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 8,217	\$ 8,217
Cemetery lots	1,805	-
Taxes receivable, less penalties (General Fund)	-	59,606
Changes in assumptions	28,137	-
Differences between expected and actual experience	138,927	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,411	-
	<u>\$ 236,497</u>	<u>\$ 67,823</u>

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

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a participant in three insurance 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 insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town carries no flood insurance through the Interlocal Risk Financing Fund of North Carolina for listed buildings and contents.

In accordance with G.S. 159-29, the Finance Officer is covered under an Individual Public Officials Bond for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

At June 30, 2021, the Town had a legal debt margin of \$7,095,055.

IV. Interfund Balances and Activity

Transfers to/from other funds during the year ended June 30, 2021 consist of the following:

From General Fund to Fire District Fund to supplement the fire tax to provide fire services	\$ 177,093
From Water and Sewer Fund to General Fund annual contributions	20,766
From General Fund to Library Fund to supplement library fees to provide library services	20,473
Total	<u><u>\$ 218,332</u></u>

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

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

V. Changes in Long-term Liabilities

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

	Restated Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021	Current Portion of Balance
Governmental Activities:					
Other postemployment benefits	\$ 161,335	\$ 39,053	\$ -	\$ 200,388	\$ -
Net pension liability	271,713	30,913	-	302,626	-
Total pension liability	83,508	72,756	-	156,264	-
Compensated absences	26,074	32,513	-	58,587	11,717
Total Governmental Activities	<u>\$ 542,630</u>	<u>\$175,235</u>	<u>\$ -</u>	<u>\$ 717,865</u>	<u>\$ 11,717</u>
Business-type Activities:					
Other postemployment benefits	\$ 79,464	\$ 19,235	\$ -	\$ 98,699	\$ -
Net pension liability	133,829	15,226	-	149,055	-
Compensated absences	38,164	-	10,820	27,344	2,734
Total Business-type Activities	<u>\$ 251,457</u>	<u>\$ 34,461</u>	<u>\$ 10,820</u>	<u>\$ 275,098</u>	<u>\$ 2,734</u>

VI. Fund Balance

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

Total Fund Balance - General Fund	\$ 1,788,367
Less:	
Stabilization by State Statute	104,694
Streets-Powell Bill	79,550
Assigned-subsequent year	437,529
Economic Development	234,798
Remaining Fund Balance	931,796

VII. Prior Period Adjustment

The beginning net position of the Water and Sewer Fund, and the General Fund had to be adjusted due to the prior year accounting errors.

Water and Fund - adjustment due to prior year error in posting accruals	\$ 34,076
General Fund - adjustment due to prior year error in posting accruals	\$ 12,116
Governmental Activities - adjustment due to prior year error in posting accruals	\$ 37,576

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

VIII. 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 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.

IX. Significant Effects of Subsequent Events

As of November 16, 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

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

- Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement System
- Schedule of Contributions – Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in Total OPEB Liability

Town of Weldon, North Carolina
Town of Weldon'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 Weldon's proportion of the net pension liability (asset) (%)	0.01264%	0.01485%	0.02009%	0.02261%	0.02127%	0.01940%	0.02015%	0.02060%
Town of Weldon's proportion of the net pension liability (asset) (\$)	\$ 451,681	\$ 405,542	\$ 476,604	\$ 345,418	\$ 451,419	\$ 87,380	\$ (118,834)	\$ 248,309
Town of Weldon's covered-employee payroll	\$1,048,303	\$1,060,313	\$1,156,341	\$1,350,972	\$1,146,467	\$1,107,950	\$1,059,720	\$1,047,300
Town of Weldon's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.09%	38.25%	41.22%	25.57%	39.37%	7.89%	-11.21%	23.71%
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 Weldon, North Carolina
Town of Weldon'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	\$ 117,825	\$ 96,900	\$ 85,573	\$ 90,629	\$ 101,768	\$ 79,340	\$ 75,703	\$ 70,251
Contributions in relation to the contractually required contributions	117,825	96,900	85,573	90,629	101,768	79,340	75,703	70,251
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Weldon's covered-employee payroll	\$1,129,050	\$1,048,303	\$1,060,313	\$1,156,341	\$1,350,972	\$1,146,467	\$1,107,950	\$1,059,720
Contributions as a percentage of covered-employee payroll	10.44%	9.24%	8.07%	7.84%	7.53%	6.92%	6.83%	6.63%

Town of Weldon, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 83,508	\$ 89,262	\$ 217,409	\$ 174,010	\$ 163,092
Service Cost	5,888	6,373	9,734	12,130	9,940
Interest on the total pension liability	2,722	3,249	6,870	6,717	5,822
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	4,545	(19,037)	(139,345)	10,119	-
Changes of assumptions or other inputs	59,601	3,661	(5,406)	14,433	(4,844)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 156,264</u>	<u>\$ 83,508</u>	<u>\$ 89,262</u>	<u>\$ 217,409</u>	<u>\$ 174,010</u>

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

Town of Weldon, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 156,264	\$ 83,508	\$ 89,262	\$ 217,409	\$ 174,010
Covered payroll	244,707	316,180	440,632	511,713	425,990
Total pension liability as a percentage of covered payroll	63.86%	26.41%	20.26%	42.49%	40.85%

Notes to the schedules:

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

Town of Weldon, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

Total OPEB Liability	2020	2019	2018	2017
Service Cost	\$ 14,859	\$ 17,675	\$ 18,436	\$ 20,216
Interest	8,691	10,985	9,800	8,328
Change in benefit terms	-	(1,595)	-	-
Difference between expected and actual experience	5,010	(64,263)	6,519	6,304
Changes of assumptions or other inputs	44,546	2,732	(13,290)	(22,048)
Benefit payments and implicit subsidy credit	(14,818)	(14,118)	(14,591)	(13,825)
Net Change in Total OPEB Liability	58,288	(48,584)	6,874	(1,025)
Total OPEB Liability - beginning	240,799	289,383	282,509	283,534
Total OPEB Liability - ending	<u>\$ 299,087</u>	<u>\$ 240,799</u>	<u>\$ 289,383</u>	<u>\$ 282,509</u>
Covered Payroll	\$ 908,329	\$ 908,329	\$ 1,003,495	\$ 1,003,495
Total OPEB Liability as a Percentage of Covered Payroll	32.93%	26.51%	28.84%	28.15%

Notes to Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2020	2.21%
2019	3.50%
2018	3.89%
2017	3.56%

Individual Fund Statements and Schedules

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

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

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 624,185	
Penalties and interest		10,870	
Total	\$ 627,802	\$ 635,055	\$ 7,253
Other Taxes and Licenses:			
Privilege licenses		\$ 105	
Motor vehicle licenses		-	
Total	\$ -	\$ 105	\$ 105
Unrestricted Intergovernmental:			
Local option sales taxes		\$ 268,030	
Utility franchise tax		110,068	
ABC profit distribution		8,417	
Beer and wine tax		6,265	
Total	\$ 432,988	\$ 392,780	\$ (40,208)
Restricted Intergovernmental:			
Powell Bill allocation		\$ 42,939	
Cares Act allocation		35,200	
Solid waste disposal tax		1,118	
Various grants		15,576	
Total	\$ 184,585	\$ 94,833	\$ (89,752)
Permits and Fees:			
Building permits		\$ 4,305	
Court fees		1,108	
Inspection reimbursements		19,039	
Zoning fees		-	
Total	\$ 16,900	\$ 24,452	\$ 7,552
Sales and Services:			
Refuse collections		\$ 144,443	
Demolition		800	
Recreation		1,850	
Rent		34,800	
Police services		8,615	
Total	\$ 205,500	\$ 190,508	\$ (14,992)

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

	Budget	Actual	Variance Positive (Negative)
Investment Earnings	52,632	579	(52,053)
Other Revenues:			
Miscellaneous:			
Insurance reimbursements		\$ 8,110	
Gain on sale of capital assets		50,000	
Other miscellaneous		27,452	
Total	\$ -	\$ 85,562	\$ 85,562
Total Revenues	\$ 1,520,407	\$ 1,423,874	\$ (96,533)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		\$ 13,940	
Other operating expenditures		329	
Total	\$ 15,994	\$ 14,269	\$ 1,725
Administration:			
Salaries and employee benefits		\$ 55,932	
Professional services		30,124	
Insurance		34,901	
Demolition		5,520	
Collection fees		13,948	
Copier lease		3,532	
Other operating expenditures		32,149	
Total	\$ 214,817	\$ 176,106	\$ 38,711
Finance:			
Salaries and employee benefits		\$ 108,530	
Utilities		3,672	
Telephone and postage		1,317	
Other operating expenditures		1,344	
Total	\$ 119,282	\$ 114,863	\$ 4,419
Total General Government	\$ 350,093	\$ 305,238	\$ 44,855
Public Safety:			
Police:			
Salaries and employee benefits		\$ 442,330	
Maintenance and repairs		57,314	
Supplies		7,217	
County E-911 contribution		43,112	
Contracts		38,478	
Other operating expenditures		19,308	
Capital outlay		-	
Total Public Safety	\$ 635,842	\$ 607,759	\$ 28,083

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

	Budget	Actual	Variance Positive (Negative)
Public Works:			
Powell Bill:			
Operating expenditures		\$ 127,811	
Total	\$ 132,000	\$ 127,811	\$ 4,189
Sanitation and Streets:			
Salaries and employee benefits		\$ 171,317	
Utilities		88,731	
Refuse service		148,498	
Maintenance and repairs		21,872	
Other operating expenditures		72,949	
Capital outlay		-	
Total	\$ 506,652	\$ 503,367	\$ 3,285
Total Public Works	\$ 638,652	\$ 631,178	\$ 7,474
Cultural and Recreational:			
Parks & Recreation		\$ 431	
Tourism/Beautification		-	
Recreation events		-	
Total Cultural and Recreational	\$ 11,050	\$ 431	\$ 10,619
Total Expenditures	\$ 1,635,637	\$ 1,544,606	\$ 91,031
Revenues Over (Under) Expenditures	\$ (115,230)	\$ (120,732)	\$ 5,502
Other Financing Sources:			
Transfer to Fire District Fund	(233,840)	(177,093)	56,747
Transfer to Library Fund	(20,473)	(20,473)	-
Transfer from Water Sewer Fund	20,766	20,766	-
Fund Balance Appropriated	337,167	-	(337,167)
Total Other Financing Sources (Uses)	\$ 103,620	\$ (176,800)	\$ 280,420
Net Change in Fund Balance	\$ (11,610)	\$ (297,532)	\$ (309,142)
Fund Balances, beginning		2,048,323	
Prior period adjustment		37,576	
Fund Balances, ending		\$ 1,788,367	

Town of Weldon, North Carolina
Major Special Revenue Fund - Fire District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes and Licenses:			
Fire district tax		\$ 122,484	
Penalties and interest		-	
Total	<u>\$ 114,229</u>	<u>\$ 122,484</u>	<u>\$ 8,255</u>
Unrestricted Intergovernmental:			
Sales tax		\$ 22,476	
Total	<u>\$ 20,000</u>	<u>\$ 22,476</u>	<u>\$ 2,476</u>
Miscellaneous:			
Fees		\$ 21,087	
Total	<u>\$ -</u>	<u>\$ 21,087</u>	<u>\$ 21,087</u>
Total Revenues	<u>\$ 134,229</u>	<u>\$ 166,047</u>	<u>\$ 31,818</u>
EXPENDITURES			
Public Safety:			
Salaries and employee benefits		\$ 268,784	
Insurance		8,118	
Utilities		6,849	
Telephone and postage		5,898	
Maintenance and repairs		30,857	
Supplies		2,765	
Capital outlay		-	
Other operating expenditures		19,869	
Total Public Safety	<u>\$ 380,157</u>	<u>\$ 343,140</u>	<u>\$ 37,017</u>
Total Expenditures	<u>\$ 380,157</u>	<u>\$ 343,140</u>	<u>\$ 37,017</u>
Revenues Over (Under) Expenditures	<u>\$ (245,928)</u>	<u>\$ (177,093)</u>	<u>\$ 68,835</u>
Other Financing Sources:			
Transfer from General Fund	238,828	177,093	(61,735)
Fund balance appropriated		-	
Total Other Financing Sources (Uses)	<u>\$ 238,828</u>	<u>\$ 177,093</u>	<u>\$ (61,735)</u>
Net Change in Fund Balance	<u>\$ (7,100)</u>	<u>\$ -</u>	<u>\$ 7,100</u>
Fund Balances, beginning		-	
Fund Balances, ending		<u>\$ -</u>	

Town of Weldon, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2021

	Cemetery Fund	Library Fund	Total Nonmajor Governmental Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 114,585	\$ 39	\$ 114,624
Accounts receivable	1,805	48	1,853
Total Assets	<u>\$ 116,390</u>	<u>\$ 87</u>	<u>\$ 116,477</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 48	\$ 48
Deferred revenue	1,805	-	1,805
Total Liabilities	<u>\$ 1,805</u>	<u>\$ 48</u>	<u>\$ 1,853</u>
FUND BALANCE	<u>114,585</u>	<u>39</u>	<u>114,624</u>
Total Liabilities and Fund Balances	<u>\$ 116,390</u>	<u>\$ 87</u>	<u>\$ 116,477</u>

Town of Weldon, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Year Ended June 30, 2021

	Cemetery Fund	Library Fund	Total Nonmajor Governmental Funds
REVENUES			
Sales and services	\$ 30,000	\$ -	\$ 30,000
Total Revenues	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>
EXPENDITURES			
Environmental protection	15,220	-	15,220
Culture and recreation	-	20,473	20,473
Total Expenditures	<u>\$ 15,220</u>	<u>\$ 20,473</u>	<u>\$ 35,693</u>
Revenues Over (Under) Expenditures	<u>\$ 14,780</u>	<u>\$ (20,473)</u>	<u>\$ (5,693)</u>
OTHER FINANCING SOURCES			
Transfer from General Fund	\$ -	\$ 20,473	\$ 20,473
Total Other Financing Sources	<u>\$ -</u>	<u>\$ 20,473</u>	<u>\$ 20,473</u>
Revenues and other sources over expenditures and other uses	<u>\$ 14,780</u>	<u>\$ -</u>	<u>\$ 14,780</u>
Fund Balances, beginning	99,805	39	99,844
Fund Balances, ending	<u><u>\$ 114,585</u></u>	<u><u>\$ 39</u></u>	<u><u>\$ 114,624</u></u>

Town of Weldon, North Carolina
Cemetery Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Sales and services:			
Lot sales	\$ -	\$ 8,500	\$ 8,500
Permits	-	21,500	21,500
Total Sales and Services	<u>\$ 17,500</u>	<u>\$ 30,000</u>	<u>\$ 12,500</u>
Total Revenues	<u>\$ 17,500</u>	<u>\$ 30,000</u>	<u>\$ 12,500</u>
EXPENDITURES			
Environmental protection:			
Other operating expenditures	\$ -	\$ 15,220	\$ -
Total Environmental Protection	<u>\$ 17,500</u>	<u>\$ 15,220</u>	<u>\$ 2,280</u>
Total Expenditures	<u>\$ 17,500</u>	<u>\$ 15,220</u>	<u>\$ 2,280</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 14,780</u>	<u>\$ 14,780</u>
Fund Balances, beginning		99,805	
Fund Balances, ending		<u><u>\$ 114,585</u></u>	

Town of Weldon, North Carolina
Library Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Investment earnings:			
Sales tax refund	\$ -	\$ -	\$ -
Total Investment Earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Cultural and recreational:			
Salaries and employee benefits	\$ -	\$ 1,291	\$ -
Other operating expenditures	-	19,182	-
Total Cultural and Recreational	<u>\$ 20,473</u>	<u>\$ 20,473</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 20,473</u>	<u>\$ 20,473</u>	<u>\$ -</u>
Revenues Over (Under) Expenditures	<u>\$ (20,473)</u>	<u>\$ (20,473)</u>	<u>\$ -</u>
Other Financing Sources (Uses):			
Transfer from General Fund	20,473	20,473	-
Total Other Financing Sources (Uses)	<u>\$ 20,473</u>	<u>\$ 20,473</u>	<u>\$ -</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances, beginning		39	
Fund Balances, ending		<u>\$ 39</u>	

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Operating Revenues:			
Water sales		\$ 877,634	
Sewer sales		1,113,850	
Other Operating Revenue:		-	
Penalties & late fees		15,151	
Miscellaneous		5,588	
Total	<u>\$ 1,664,724</u>	<u>\$ 2,012,223</u>	<u>\$ 347,499</u>
Nonoperating Revenues:			
Investment earnings		\$ 49	
Total	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 49</u>
Total Revenues	<u>\$ 1,664,724</u>	<u>\$ 2,012,272</u>	<u>\$ 347,548</u>
EXPENDITURES			
Water Administration and Operations:			
Salaries and employee benefits		\$ 397,204	
Professional services		28,635	
Contract services		74,923	
Insurance		18,040	
Utilities		59,795	
Maintenance and repairs		58,137	
Chemicals and lab		252,214	
Supplies		14,958	
Taps and lines		9,961	
Telephone		6,088	
Capital outlay		-	
Other operating expenditures		4,267	
Total	<u>\$ 943,100</u>	<u>\$ 924,222</u>	<u>\$ 18,878</u>
Sewer Administration and Operations:			
Salaries and employee benefits		\$ 275,935	
Professional services		-	
Contract services		8,022	
Insurance		18,265	
Utilities		56,725	
Maintenance and repairs		56,002	
Supplies		7,596	
Taps and lines		8,515	
Chemical and labs		61,303	
Sludge management		1,863	
Telephone		2,077	
Other operating expenditures		8,350	
Total	<u>\$ 680,858</u>	<u>\$ 504,653</u>	<u>\$ 176,205</u>
Total Expenditures	<u>\$ 1,623,958</u>	<u>\$ 1,428,875</u>	<u>\$ 195,083</u>

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

	Budget	Actual	Variance Positive (Negative)
Revenues Over (Under) Expenditures	\$ 40,766	\$ 583,397	\$ 542,631
Other Financing Sources (Uses):			
Contributed to Capital Reserve	\$ (20,000)	\$ -	\$ 20,000
Transfer to General Fund	(20,766)	(20,766)	-
Fund balance appropriated	-	-	-
Total Other Financing Sources (Uses)	\$ (40,766)	\$ (20,766)	\$ 20,000
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ 562,631	\$ 562,631
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Depreciation		(277,977)	
Changes in net pension and OPEB liability and deferred items		(42,301)	
Total Reconciling Items		\$ (320,278)	
Change in Net Position		\$ 242,353	

Other Schedules

This section contains additional information on property taxes.

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

Town of Weldon, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 638,555	\$ 613,017	\$ 25,538
2019-2020	37,637	-	20,501	17,136
2018-2019	15,699	-	4,210	11,489
2017-2018	11,356	-	1,698	9,658
2016-2017	8,488	-	685	7,803
2015-2016	7,844	-	850	6,994
2014-2015	8,251	-	489	7,762
2013-2014	7,750	-	205	7,545
2012-2013	7,389	-	176	7,213
2011-2012	7,192	-	754	6,438
2010-2011	6,245	-	6,245	-
	<u>\$ 117,851</u>	<u>\$ 638,555</u>	<u>\$ 648,830</u>	<u>\$ 107,576</u>

Less: Allowance for uncollectible accounts:

General Fund	<u>(47,970)</u>
Ad Valorem Taxes Receivable - Net	<u>\$ 59,606</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 635,055
Reconciling Items:	
Releases and adjustments	19,035
Amounts written off statute of limitations	5,610
Less: Interest collected	<u>(10,870)</u>
Subtotal	<u>\$ 13,775</u>
Total Collections and Credits	<u>\$ 648,830</u>

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

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original Levy:					
Property taxed at current year's rate	\$ 75,803,611	0.72	\$ 545,786	545,786	\$ -
Registered motor vehicles taxed	12,884,583	0.72	92,769	-	92,769
Total	<u>\$ 88,688,194</u>		<u>\$ 638,555</u>	<u>545,786</u>	<u>\$ 92,769</u>
Net Levy			\$ 638,555	545,786	\$ 92,769
Uncollected Taxes at June 30, 2021			<u>\$ 25,538</u>	<u>\$ 25,446</u>	<u>\$ 92</u>
Current Year's Taxes Collected			<u>\$ 613,017</u>	<u>\$ 520,340</u>	<u>\$ 92,677</u>
Current Levy Collection Percentage			<u>96.00%</u>	<u>95.34%</u>	<u>99.90%</u>