

**TOWN OF WEST JEFFERSON
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2021**

Priscilla L. Norris, CPA

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TOWN OF WEST JEFFERSON, NORTH CAROLINA

TOWN COUNCIL
AS OF JUNE 30, 2021

Tom Hartman, Mayor
Calvin Green
Russell W. Barr III
John K. Reeves
Stephen Shoemaker
Crystal C. Miller

ADMINISTRATIVE & FINANCIAL STAFF
Brantley Price, Town Manager & Tax Collector
Heather Holdaway, Finance Officer

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Board of Aldermen
Town of West Jefferson, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Jefferson, 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 of West Jefferson's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We did not audit the financial statements of the West Jefferson ABC Board. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the West Jefferson ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. The financial statements of the West Jefferson ABC Board and the West Jefferson TDA were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Jefferson as of June 30, 2021, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the Town of West Jefferson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of West Jefferson's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Priscilla L. Norris".

Priscilla L. Norris, CPA

Jefferson, NC

November 12, 2021

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

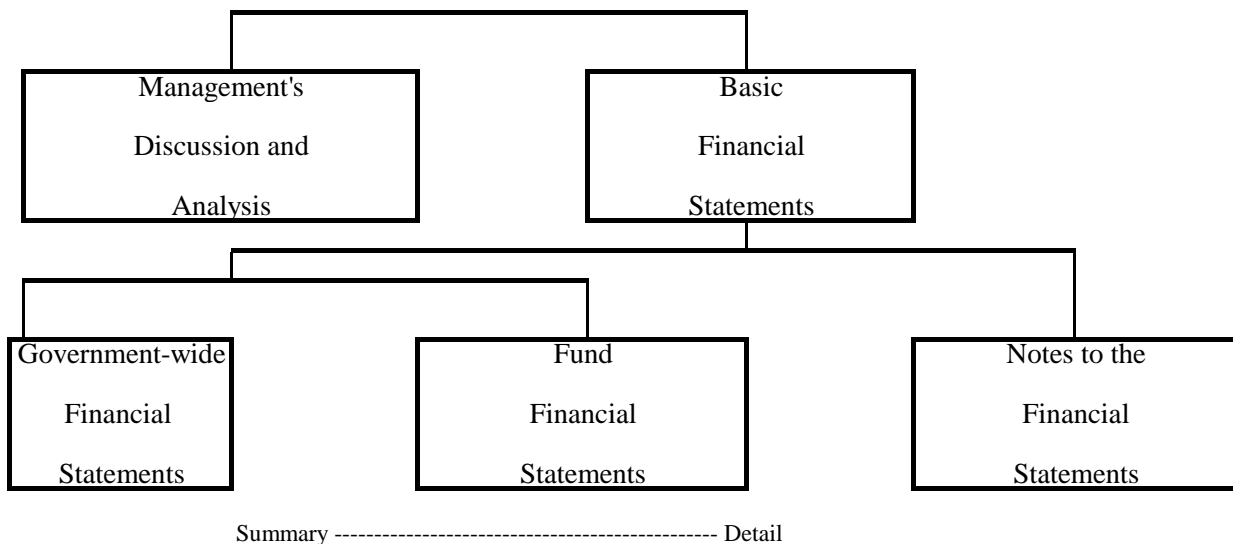
Financial Highlights

- * The assets (and deferred outflows of resources) of The Town of West Jefferson exceeded its liabilities (and deferred inflows of resources) at the close of the fiscal year by \$16,025,958 (net position).
- * The government's total net position increased by \$600,096 due to an increase in governmental activities net position. There was a decrease in the business-type activities net positions.
- * As of the close of the current fiscal year, the Town of West Jefferson's governmental funds reported combined ending fund balances of \$3,284,011, which includes a net change of \$571,051 in comparison with the prior year. Approximately 28 percent of this total amount, or \$921,108, is non-spendable or restricted.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,965,571 or 80 percent of total general fund expenditures for the fiscal year.
- * The Town of West Jefferson's total debt decreased by \$200,632 (18.6%) during the current fiscal year. The key factor in this decrease is principal payments of \$200,632.

Overview of the Financial Statements

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

**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.

TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021

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 to the financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

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

The government-wide financial statements are 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 West Jefferson, 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 Accordance with Uniform Guidance and the State the Town's budget ordinance. All of the funds of the Town of West Jefferson 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 West Jefferson 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 WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Proprietary Funds - The Town of West Jefferson has one proprietary fund, an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of West Jefferson uses an enterprise fund to account for its water and sewer activity. This fund is the same as the 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 the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found in Exhibit 9 of this report.

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

Government-Wide Financial Analysis

**Town of West Jefferson Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 3,385,588	\$ 2,885,692	\$ 1,057,255	\$ 1,146,960	\$ 4,442,843	\$ 4,032,652
Capital assets	3,284,348	3,182,285	9,711,912	9,794,346	12,996,260	12,976,631
Deferred outflows of resources	279,379	172,769	51,889	45,061	331,268	217,830
Total assets & deferred outflows of resources	\$ 6,949,315	\$ 6,240,746	\$ 10,821,056	\$ 10,986,367	\$ 17,770,371	\$ 17,227,113
Long-term liabilities outstanding	\$ 654,774	\$ 538,163	\$ 873,159	\$ 977,812	\$ 1,527,933	\$ 1,515,975
Other liabilities	107,709	173,810	83,619	80,895	191,328	254,705
Deferred inflows of resources	22,522	26,867	2,630	3,704	25,152	30,571
Total liabilities & deferred inflows of resources	\$ 785,005	\$ 738,840	\$ 959,408	\$ 1,062,411	\$ 1,744,413	\$ 1,801,251
Net position:						
Net Investment in capital assets	\$ 3,183,884	\$ 3,005,029	\$ 8,938,072	\$ 8,896,666	\$ 12,121,956	\$ 11,901,695
Restricted	921,108	870,212	15,322	12,656	936,430	882,868
Unrestricted	2,059,318	1,626,665	908,254	1,014,634	2,967,572	2,641,299
Total net position	\$ 6,164,310	\$ 5,501,906	\$ 9,861,648	\$ 9,923,956	\$ 16,025,958	\$ 15,425,862

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows) of the Town of West Jefferson exceeded liabilities (and deferred inflows) by \$16,025,958 as of June 30, 2021. The Town's net position increased by \$600,096 for the fiscal year ended June 30, 2021. However, the largest portion (75.64%) reflects the Town's net 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 West Jefferson uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the Town of West Jefferson's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of West Jefferson's net position \$921,108 (5.75%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,967,572 is unrestricted.

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

- * West Jefferson's property tax collection rate increased slightly from 98.04% to 98.64%, for property other than vehicles.
- * The Town's property valuation base decreased by \$8.77 million.
- * Total tax revenues were higher than budgeted by \$99,710, but lower than last year by \$22,484.

**Town of West Jefferson Changes in Net Position
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 33,139	\$ 24,537	\$ 1,017,983	\$ 1,016,149	\$ 1,051,122	\$ 1,040,686
Operating grants and contributions	437,530	224,943			437,530	224,943
Capital grants and contributions	30,785	24,314	86,707	172,879	117,492	197,193
General revenues:						
Property taxes	1,708,552	1,718,172			1,708,552	1,718,172
Other taxes						
Grants and contributions not restricted to specific programs	896,040	845,172			896,040	845,172
Other	25,499	38,416	5,572	12,706	31,071	51,122
Total revenues	\$ 3,131,545	\$ 2,875,554	\$ 1,110,262	\$ 1,201,734	\$ 4,241,807	\$ 4,077,288
Expenses:						
General government	\$ 527,959	\$ 500,105	\$ -	\$ -	\$ 527,959	\$ 500,105
Public safety	983,276	927,570			983,276	927,570
Highways/streets	601,881	538,871			601,881	538,871
Economic development	141,667	161,667			141,667	161,667
Environmental protection	107,076	103,578			107,076	103,578
Cultural and recreation	102,972	90,541			102,972	90,541
Interest on long-term debt	4,310	6,499			4,310	6,499
Water and sewer			1,172,570	1,159,250	1,172,570	1,159,250
Total expenses	\$ 2,469,141	\$ 2,328,831	\$ 1,172,570	\$ 1,159,250	\$ 3,641,711	\$ 3,488,081
Increase in net position before transfers	662,404	546,723	(62,308)	42,484	600,096	589,207
Net Position, July 1, as previously stated	5,501,906	4,955,183	9,923,956	9,881,472	15,425,862	14,836,655
Net position, June 30	\$ 6,164,310	\$ 5,501,906	\$ 9,861,648	\$ 9,923,956	\$ 16,025,958	\$ 15,425,862

Governmental activities: Governmental activities increased the Town's net position by \$662,404, which is 110% of total growth. Key elements of this increase are steady revenue sources.

Business-type activities: Business-type activities decreased the Town of West Jefferson's net position by \$62,308. A key element of this decrease is fewer grants this year.

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of West Jefferson'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 West Jefferson's financing requirements. Specifically, unassigned 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 West Jefferson. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,965,571, while total fund balance reached \$3,086,330. 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 80 percent of total General Fund expenditures, while total fund balance represents 125.5 percent of that same amount.

At June 30, 2021, the governmental funds of the Town of West Jefferson reported a combined fund balance of \$3,284,011 a 21.05 percent increase from last year. The largest contributor to this increase is an increase in General fund operations of \$565,470.

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

Proprietary Fund: The Town of West Jefferson's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$908,254. The total change in net position was (\$62,308) (decrease). Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of West Jefferson's business-type activities.

Capital Asset and Debt Administration

Capital assets: The Town of West Jefferson's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$12,996,255 (net of accumulated depreciation). These assets include buildings, roads, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following transactions:

- * Downtown Wi-Fi Project
- * Vehicles purchased for Police
- * Plow for a Truck for Streets
- * Electric Vehicle Charging Station for Streets
- * Cub Cadet Mower for the Park
- * Nine Masks with Accessories for the Fire Department
- * One 4 Stage Breathing Air Compressor for the Fire Department
- * Two Maintenance Sheds for Streets
- * Scada Processors Upgrade for Water
- * Sewer Pump Stations and Connections
- * Various Water and Sewer Equipment and Upgrades
- * Finalization of Water and Sewer Dewatering Project.

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Town of West Jefferson Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 414,464	\$ 414,464	\$ 140,780	\$ 140,780	\$ 555,244	\$ 555,244
Buildings and system	453,497	428,659	9,341,987	8,211,397	9,795,484	8,640,056
Improvements other than buildings	1,602,345	1,587,512			1,602,345	1,587,512
Machinery and equipment	336,988	227,723	196,746	114,311	533,734	342,034
Infrastructure						
Vehicles and motorized equipment	464,554	523,927	32,394	46,678	496,948	570,605
Construction in progress	12,500			1,281,180	12,500	1,281,180
Total	\$ 3,284,348	\$ 3,182,285	\$ 9,711,907	\$ 9,794,346	\$ 12,996,255	\$ 12,976,631

Additional information on the Town's capital assets can be found in Note III.A.3 and 6 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2021, the Town of West Jefferson had total debt outstanding of \$874,304. All of this is debt is backed by the full faith and credit of the Town.

**Town of West Jefferson's Outstanding Debt
General Obligation and Revenue Bonds**

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Direct placement installment purchase	\$ 100,464	\$ 177,256	\$ 110,840	\$ 221,681	\$ 211,304	\$ 398,937
Revenue bonds			663,000	676,000	663,000	676,000
Total	\$ 100,464	\$ 177,256	\$ 773,840	\$ 897,681	\$ 874,304	\$ 1,074,937

The Town of West Jefferson's debt decreased by \$200,632 (18.6%) during the past fiscal year, due to principal payments of \$200,632.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of West Jefferson is approximately \$32 million.

Additional information regarding the Town of West Jefferson long-term debt can be found in Note III.B.5 of this report.

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Economic Factors FY 2020-2021 and FY 2021-2022 Budget and Rates

The following are some of the economic factors and highlights that had an impact on FY 2020-2021 Budget & Rates.

General Fund

- Property Tax Collection remained consistent with prior year
- Received COVID-19 funding from County to support Police Department Labor (COVID enforcement) - \$122,055.
- Local Option Sales Tax revenue increased from prior year approximately 15.0% instead of decreasing as budgeted.
Events that contributed to the increase were:
 - Increase in building supplies purchases
 - Increase in grocery store purchases
 - Increase in tourism spending
- Utility Franchise Tax increased by approximately 3.0% over FY19-20
- ABC General Distribution continues to increase as the ABC Store sales continue to increase
- ARC WiFi Grant - \$20,785
- NCDEQ Grant for EV Charger \$10,000
- Extraordinary Items:
 - GE Incentive -\$125,000
 - New Police Vehicles \$72,058 (one replaced due to total loss from hitting deer)
 - Additional paving - \$109,222 plus Powell Bill \$40,000 = \$149,222
 - Farmers Market - storm drain/pave - \$46,000
 - EV Charger - NCDEQ Grant - Total cost \$17,336 - \$10,000 (grant) = \$7,336
 - New Maintenance Shed \$33,681
 - Downtown WiFi - 50% paid with ARC Grant - \$41,570 - (\$20,785 ARC Grant) = \$20,785

Park

- Pave Park parking lot - \$44,865
- New Mower - \$8,959

Fire Department

- Grant - \$29,628 - Equipment
- Increased Fire Tax Rate from \$0.017 to \$0.03/\$100
- Extraordinary Items
 - \$60,000 - purchase Equipment with \$29,628 match
 - \$49,549 - Compressor for Air Packs
 - \$54,300 - Air Packs

Capital Project Water/Sewer (Completed in FY 20-21)

This project funded as follows:

- ARC - \$300,000
- USDA Loan- \$689,000
- USDA Grant - \$207,000
- Town - \$171,625
- Total Revenues - \$1,367,625

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

- Expenditures - \$1,367,625
 - Sludge Dewatering Facility - \$603,910
 - Water Supply Well - \$249,406
 - Wade Vannoy Water/Sewer Extension - \$284,294
 - Engineering/Administrative/Contingency - \$230,016

Water/Sewer

- Water & sewer revenues are flat compared to prior year as COVID-19 is still affecting usage.
- Extraordinary Items:
 - Upgraded SCADA system - \$61,320
 - Replaced galvanized water lines - \$57,105
 - Camera for Sewer Lines \$35,563
 - Miscellaneous Pump replacement - \$45,057
 - New Aerators installed at oxidation ditch - \$81,296

Budget Highlights for the Fiscal Year End June 30, 2022

General Fund

Revenues

The major source of General Fund revenue is the property tax, accounting for approximately 49.6% of all revenues in the General Fund. The property tax rate will remain at 42 cents per \$100 of valuation, as was in FY 20-21. Of the 42 cents, 39 cents will go to the General Fund and 3 cents to the Park.

- Property Taxes Revenue decreased due to the GE Equipment deletions
- Local Option Sales tax for FY 21-22 is projected to increase approximately 2% over FY 20-21 which is estimated to be 12% higher - Total - \$500,000
- Utility Franchise Tax projected to be flat - \$200,000
- ABC Contribution - \$180,000
- Appropriated Fund Balance - \$200,000
- Grant - \$20,000 - Stormwater 205j HCCOG

Expenditures

Group health insurance will decrease by 3.4% for FY 21-22, with employee coverage to remain the same, with the Town continuing to pay 100% of the employees' cost.

A 3% Cost of Living Adjustment for all employees.

Significant budget items in the General Fund worth noting include:

- \$4,000 - Pay Planning Board \$50/meeting
- \$20,000 - Attorney
- 27,000 - Audit
- \$4,000 - Facade Grants
- \$3,000 - ALP - Ordinance update
- HCCOG
 - \$15,000 - Update Comprehensive Land Plan

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

- \$20,000 Stormwater 205j Grant
- \$4,000 Election
- \$8,400 Downtown Wi-Fi
- \$5,000 - Christmas Decorations
- \$16,700 - Wilkes Community College Building Fund Pledge
- \$150,000 - GE Incentive Amended
- \$44,000 Fire Department Contribution
- \$67,000 - Purchase of new police car with equipment
- \$12,600 - Part time employee for streets
- \$6,000 - Utility Bed
- \$10,000 - Salt for roads during winter months
- \$11,000 Downtown Flowers
- \$90,000 Additional paving funds
- \$130,000 - Replace Sidewalk North Jefferson Ave
- \$17,000 - Replace culvert Backstreet
- \$47,000 - Pave Maintenance front lot
- \$22,000 Pave Alleyway
- \$30,000 Replace section of Downtown Sidewalk
- \$54,500 - Loan Payments Track Hoe, dump truck, street sweeper
- \$3,000 - Interest on loans

Parks

Revenues

Property Taxes comprise the majority of Park Revenues, which is 3 cents of the 42 cents per one hundred dollars in valuation.

- \$60,000 - Fund Balance Appropriated

Expenditures

Significant budget items in the Park worth noting include:

- \$15,000 - UTV with cab
- \$4,000 - Tennis Court Repair
- \$16,844 - Basketball Court
- \$20,000 - new playground equipment
- \$14,000 - Upgrade one set of restrooms for winter use

Powell Bill

Revenues

Powell Bill revenues are disbursed by the State to the Town into two distributions, one in October and one in January of each year, based on a formula which is based upon population and miles of Town-maintained roads. Revenues are budgeted slightly less than FY 20-21 actual \$40,000.

Expenditures

We intend to prioritize our street resurfacing of Town streets by those in most need of resurfacing.

**TOWN OF WEST JEFFERSON
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Fire Department

Revenues

- \$30,000 Possible Grant for Equipment

Expenditures

- \$60,000 - Equipment (air packs)
- \$70,000 - remodel inside of Fire Department

Water and Sewer Fund

Revenues

Revenues in Water/Sewer Flat

\$200,000 Fund Balance

\$165,000 - Transfer from water to sewer

\$90,000 - American Rescue Plan (estimated to get \$380,000 in two payments)

Expenditures

Significant budget items in the Water/Sewer worth noting include:

- \$33,000 - Parts Filter Plant
- \$100,000 - Miscellaneous Water line/valve replacement
- \$165,000 - Transfer to Sewer from Water
- \$20,000 - Engineering study Oakwood Water line Booster Pump
- \$62,000 - Replacement pumps, motors & blowers at WWTP
- \$15,000 - Landfill Fees - Polymer - new dewatering system
- \$5,500 - Lawn Mower
- \$100,000 - Repair damaged sewer lines to remove I&I
- \$80,000 - Add generator for additional pumps, blowers, and aerators

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 West Jefferson, P.O. Box 490, West Jefferson, NC 28694. You can also call (336)246-3551 or visit our website at www.townofwj.com for more information.

**Overview of Component Units
(Discretely Presented)
June 30, 2021**

<u>Name</u>	<u>Date Established</u>	<u>Activity Performed</u>
West Jefferson Tourism Development Authority	July 7, 2005	Promotion of Travel and Tourism
Town of West Jefferson Board of Alcoholic Beverage Control	March 6, 2007	ABC Board

TOWN OF WEST JEFFERSON
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government				
	Governmental	Business-type		Component Units	
				WJ ABC	
	Activities	Activities	Total	Board	WJTDA
ASSETS					
Current Assets:					
Cash and Cash Equivalent	\$ 2,417,115	\$ 919,874	\$ 3,336,989	\$ 316,717	\$ 89,876
Cash and Cash Equivalents - Restricted	605,984	55,682	661,666		
Inventories				382,349	
Taxes Receivables (net)	40,727		40,727		
Accrued Interest Receivable on Taxes	6,636		6,636		
Account Receivable (net)	10,468	81,699	92,167		
Due from Other Governments	304,658		304,658		27,936
Prepaid Expenses				2,090	
Total Current Assets	3,385,588	1,057,255	4,442,843	701,156	117,812
Capital Assets:					
Land, Non-Depreciable Improvements, and Construction in Progress	426,964	140,780	567,744	95,614	
Other Capital Assets, Net of Depreciation	2,857,384	9,571,132	12,428,516	489,628	
Total Capital Assets	3,284,348	9,711,912	12,996,260	585,242	
Total Assets	\$ 6,669,936	\$ 10,769,167	\$ 17,439,103	\$ 1,286,398	\$ 117,812
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows for Pensions	\$ 279,379	\$ 51,889	\$ 331,268	\$ 55,969	\$ -
LIABILITIES					
Current Liabilities:					
Accounts Payable & Accrued Liabilities	20,105	25,826	45,931	98,700	219
Due To Other Governments	27,936		27,936	78,234	
Accrued Interest Payable	1,049	1,611	2,660		
Compensated Absences	58,600	15,822	74,422	10,569	
Customer Deposits	19	40,360	40,379		
Long-term Liabilities:					
Net Pension Liability (LGERS)	405,606	99,319	504,925	40,022	
Net Pension Liability (LEO)	148,704		148,704		
Due Within One Year	53,845	122,840	176,685		
Due In More Than One Year	46,619	651,000	697,619		
Total Liabilities	\$ 762,483	\$ 956,778	\$ 1,719,261	\$ 227,525	\$ 219
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows for Pensions	\$ 16,368	\$ 2,630	\$ 18,998	\$ -	
Unearned Revenues	6,154		6,154		
Total Deferred Inflows of Resources	\$ 22,522	\$ 2,630	\$ 25,152	\$ -	\$ -
NET POSITION					
Net Investment in Capital Assets	3,183,884	8,938,072	12,121,956	585,243	
Restricted for:					
Stabilization by State Statute	315,126		315,126		27,936
Public Safety	561,662		561,662		
Transportation	44,320		44,320		
Working Capital				87,419	
USDA Reserves		15,322	15,322		
Unrestricted	2,059,318	908,254	2,967,572	442,180	89,657
Total Net Position	\$ 6,164,310	\$ 9,861,648	\$ 16,025,958	\$ 1,114,842	\$ 117,593

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

TOWN OF WEST JEFFERSON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT			COMPONENT UNITS	
					Governmental Activities	Business-Type Activities	Total	WJ ABC BOARD	WJTDA
Primary Government:									
Governmental Activities:									
General Government	\$ 527,959		\$ 5,000	\$ 20,785	(502,174)	\$ -	\$ (502,174)	\$ -	\$ -
Public Safety	983,276	762	389,521	-	(592,993)		(592,993)		
Transportation	601,881		41,188	10,000	(550,693)		(550,693)		
Economic Development	141,667	7,590	-		(134,077)		(134,077)		
Environmental Protection	107,076	17,525	981		(88,570)		(88,570)		
Cultural and Recreation	102,972	7,262	840		(94,870)		(94,870)		
Interest on Long-Term Debt	4,310				(4,310)		(4,310)		
Total Governmental Activities	2,469,141	33,139	437,530	30,785	(1,967,687)		(1,967,687)	-	-
Business-Type Activities:									
Water and Sewer	1,172,570	1,017,983		86,707		(67,880)	(67,880)		
Total Business-Type Activities	1,172,570	1,017,983	-	86,707		(67,880)	(67,880)		
Total Primary Government	\$ 3,641,711	\$ 1,051,122	\$ 437,530	\$ 117,492	\$ (1,967,687)	\$ (67,880)	\$ (2,035,567)		
Component Units:									
ABC Board	\$ 2,866,463	\$ 2,955,073						\$ 88,610	
Tourism Development Authority	\$ 64,628	\$ -	\$ 15,000	\$ -					\$ (49,628)
General Revenues:									
Taxes:									
Property taxes, levied for general purpose					1,708,552		1,708,552		
Other taxes and licenses					-		-		95,146
Grants and contributions not restricted to specific programs					896,040		896,040		
Unrestricted Investment earnings					14,338	5,572	19,910		364
Miscellaneous					11,161		11,161		-
Transfers (net)							-		
Total general revenues and transfers					2,630,091	5,572	2,635,663		95,510
Change in Net Position					662,404	(62,308)	600,096	-	95,510
Net Position- Beginning					5,501,906	9,923,956	15,425,862	1,026,232	71,711
Net Position- Ending					\$ 6,164,310	\$ 9,861,648	\$ 16,025,958	\$ 1,114,842	\$ 117,593

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

EXHIBIT 3
PAGE 1 OF 2

	Major Fund General Fund	Total Non - Major Funds	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	\$ 2,218,367	\$ 198,748	\$ 2,417,115
Cash & Cash Equivalents- Restricted	605,984		605,984
Receivables, Net:			
Taxes	38,029	2,696	40,725
Accounts	10,468		10,468
Due from Other Governments	304,309	349	304,658
Total Assets	<u>\$ 3,177,157</u>	<u>\$ 201,793</u>	<u>\$ 3,378,950</u>

LIABILITIES

Accounts Payable & Accrued Liabilities	\$ 18,689	\$ 1,416	\$ 20,105
Customer Deposit	19		19
Due to Other Governments	27,936		27,936
Total Liabilities	<u>\$ 46,644</u>	<u>\$ 1,416</u>	<u>\$ 48,060</u>

DEFERRED INFLOWS OF RESOURCES

Taxes Receivable	\$ 38,029	\$ 2,696	\$ 40,725
Prepaid Taxes	5,779		5,779
Prepaid Beer & Wine License	375		375
Total Deferred Inflows of Resources	<u>\$ 44,183</u>	<u>\$ 2,696</u>	<u>\$ 46,879</u>

FUND BALANCES

Restricted:			
Stabilization by State Statute	\$ 314,777	\$ 349	\$ 315,126
Public Safety - Police	5,981		5,981
Streets - Powell Bill	44,320		44,320
Public Safety Fire Department	555,681		555,681
Committed:			
For Park Maintenance		59,626	59,626
Assigned:			
Appropriated Fund Balance	200,000	60,000	260,000
Cemetery Maintenance		34,222	34,222
Capital Projects		43,484	43,484
Unassigned:	1,965,571		1,965,571
Total Fund Balance	<u>\$ 3,086,330</u>	<u>\$ 197,681</u>	<u>\$ 3,284,011</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 3,177,157</u>	<u>\$ 201,793</u>	

TOWN OF WEST JEFFERSON, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

EXHIBIT 3
PAGE 2 OF 2

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

Total governmental fund balance	\$ 3,284,011
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,284,348
Net Pension Liability	(554,310)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources in the Statement of Net Position.	76,946
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred.	6,636
Liabilities for earned but unavailable revenues in fund statements.	40,727
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(160,113)
Pension Related Deferrals	<u>186,065</u>
Net position of governmental activities	<u><u>\$ 6,164,310</u></u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT 4
PAGE 1 OF 2

	Major Fund General Fund	Total Non - Major Funds	Total Governmental Funds
Revenues			
Ad Valorem Taxes	\$ 1,582,010	\$ 123,845	\$ 1,705,855
Unrestricted Intergovernmental	896,040		896,040
Restricted Intergovernmental	463,342		463,342
Permits & Fees	25,877		25,877
Investment Earnings	14,338	840	15,178
Miscellaneous	42,395	7,262	49,657
Total Revenues	\$ 3,024,002	\$ 131,947	\$ 3,155,949
Expenditures			
General Governmental	\$ 524,735	\$ -	\$ 524,735
Public Safety	992,153		992,153
Transportation	610,969		610,969
Economic Development	141,667		141,667
Environmental Protection	107,076		107,076
Cultural & Recreational		126,366	126,366
Debt Services:			
Principal	76,792		76,792
Interest and Other Charges	5,140		5,140
Capital Outlay			
Total Expenditures	\$ 2,458,532	\$ 126,366	\$ 2,584,898
Excess (Deficiency) of Revenues over Expenditures	\$ 565,470	\$ 5,581	\$ 571,051
Other Financing Sources (Uses)			
Loan Proceeds	\$ -	\$ -	\$ -
Transfer to Other Funds			-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 565,470	\$ 5,581	\$ 571,051
Fund Balances:			
Beginning of Year, July 1	\$ 2,520,860	\$ 192,100	\$ 2,712,960
End of Year, June 30	\$ 3,086,330	\$ 197,681	\$ 3,284,011

The accompanying notes are an integral part of the financial statements.

TOWN OF WEST JEFFERSON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT 4
PAGE 2 OF 2

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

Net changes in fund balances - total governmental funds	\$	571,051
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures	470,042	
Depreciation expense	<u>(340,878)</u>	129,164

The cost of capital assets disposed of during the year are not recognized in the governmental funds	(27,101)
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	76,946
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (Decrease) in unavailable revenue for tax revenues	(615)
Increase (Decrease) in accrued interest receivable on taxes	3,312

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long term debt	-
Repayment of long-term debt	76,792

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.

(Increase) Decrease in compensated absences payable	(8,956)
(Increase) Decrease in accrued interest payable	830
Pension expense	(159,019)
Total change in net position of governmental activities	<u>\$ 662,404</u>

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXHIBIT 5

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 1,456,300	\$ 1,482,300	\$ 1,582,010	\$ 99,710
Unrestricted intergovernmental	635,000	635,000	896,040	261,040
Restricted intergovernmental	292,200	302,200	463,342	161,142
Permits and fees	18,800	18,800	25,877	7,077
Investment earnings	21,000	21,000	14,338	(6,662)
Miscellaneous	-	-	42,395	42,395
Total Revenues	<u>\$ 2,423,300</u>	<u>\$ 2,459,300</u>	<u>\$ 3,024,002</u>	<u>\$ 564,702</u>
Expenditures:				
Current:				
General Government	579,400	587,400	524,735	62,665
Public Safety	912,300	987,300	992,153	(4,853)
Transportation	564,700	651,200	610,969	40,231
Economic Development	141,700	141,700	141,667	33
Environmental Protection	108,000	108,000	107,076	924
Cultural and Recreational	1,300	1,300		1,300
Debt service	82,200	82,200	81,932	268
Contingency	43,700	-	-	-
Total Expenditures	<u>2,433,300</u>	<u>2,559,100</u>	<u>2,458,532</u>	<u>100,568</u>
Revenues over (under) expenditures	<u>\$ (10,000)</u>	<u>\$ (99,800)</u>	<u>\$ 565,470</u>	<u>\$ 665,270</u>
Other financing sources (uses):				
Transfer to other funds				-
Appropriated fund balance	10,000	99,800		(99,800)
Total other financing sources (uses)	<u>10,000</u>	<u>99,800</u>	<u>-</u>	<u>(99,800)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,470</u>	<u>\$ 565,470</u>
Fund balances:				
Beginning of year July 1			2,520,860	
End of year June 30			<u>\$ 3,086,330</u>	

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

EXHIBIT 6

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 919,874
Cash and Cash Equivalents - Restricted	55,682
Accounts Receivable - Net	81,699
Due from Other Governments	-
Total Current Assets	<u>1,057,255</u>

Noncurrent Assets

Capital Assets - Net	9,711,912
Total Noncurrent Assets	<u>9,711,912</u>

Total Assets	<u>\$ 10,769,167</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension Deferrals	<u>\$ 51,889</u>
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LIABILITIES

Current Liabilities

Accounts Payable/Accrued Liabilities	\$ 25,826
Note Interest Accrued	1,611
Compensated Absences	15,822
Current Portion of Long-Term Notes	110,840
Revenue Bond Payable - Current	12,000
Liabilities Payable from Restricted Assets:	
Customer Deposits	40,360
Total Current Liabilities	<u>206,459</u>

Noncurrent Liabilities

Net Pension Liabilities	99,319
Noncurrent Portion of Long-Term Notes	-
Revenue Bond Payable- Noncurrent	651,000
Total Noncurrent Liabilities	<u>750,319</u>

Total Liabilities	<u>\$ 956,778</u>
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DEFERRED INFLOWS OF RESOURCES

Pension Deferrals	<u>\$ 2,630</u>
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NET POSITION

Net Investment in Capital Assets	\$ 8,938,072
Restricted for USDA Reserves	15,322
Unrestricted	<u>908,254</u>
Total Net Position	<u>\$ 9,861,648</u>

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>ENTERPRISE</u>
Operating Revenues:	
Charges for Services - Water	\$ 522,675
Charges for Services - Sewer	467,139
Water & Sewer Taps	24,700
Other Operating Revenue	<u>3,469</u>
Total Operating Revenue	<u>\$ 1,017,983</u>
Operating Expenses:	
Water Department	403,513
Sewer Department	410,327
Depreciation	<u>339,932</u>
Total Operating Expenses	<u>\$ 1,153,772</u>
Operating Income (Loss)	\$ (135,789)
Nonoperating Revenues (Expenses)	
Interest Earned on Investments	5,572
Interest on Long-Term Debt	<u>(18,798)</u>
Income Before Transfers and Capital Contributions	\$ (149,015)
Grants and Other Capital Contributions	
Federal and State Capital Grant	<u>86,707</u>
Change in Net Position	\$ (62,308)
Total Net Position, beginning	<u>9,923,956</u>
Total Net Position, ended	<u><u>\$ 9,861,648</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF WEST JEFFERSON, NORTH CAROLINA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>ENTERPRISE</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,022,543
Cash Paid for Goods and Services	(558,785)
Cash Paid to /for Employees	(243,959)
Customer Deposits Received	14,257
Customer Deposits Returned	(10,817)
Net Cash Provided by Operating Activities	<u>\$ 223,239</u>
Cash Flows from Noncapital Financing Activities:	
Transfer From General Fund	\$ -
Net Cash Received from Noncapital Financing Activities	<u>\$ -</u>
Cash Flows from Capital and Related Financing Activities:	
Contributed Capital (Grants Received)	\$ 137,890
Acquisition of Capital Assets	(257,494)
Principal Paid on Bonds and Equipment Contracts	(123,840)
Interest Paid on Bonds and Equipment Contracts	(19,328)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (262,772)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>\$ 5,572</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (33,961)
Cash and Cash Equivalents at Beginning of Year	1,009,517
Cash and Cash Equivalents at End of Year	<u><u>\$ 975,556</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	<u>\$ (135,789)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	\$ 339,932
Pension Expense	29,261
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	4,560
Increase (Decrease) in Accounts Payable	(1,541)
Increase (Decrease) in Customer Deposits	3,440
Increase (Decrease) in Compensated Absences	1,355
Current Year Contribution to Pension	(17,979)
Total Adjustments	<u>\$ 359,028</u>
Net Cash Provided by Operating Activities	<u><u>\$ 223,239</u></u>

Noncash investing, capital, and financing activities: none.

The accompanying notes are an integral part of the financial statements.

I. Summary of Significant Accounting Policies

The accounting policies of the Town of West Jefferson 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 West Jefferson is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities for which the Town is financially accountable. The West Jefferson TDA and the West Jefferson ABC Board are presented as if they are separate proprietary funds of the Town (discrete presentation). The discretely presented component units of the Town issue separately audited financial statements, copies of which may be obtained from the Town's finance office at PO Box 490, West Jefferson, NC 28694.

<u>Component Unit</u>	<u>Brief Description of Activities and Relationship to the Town</u>
West Jefferson Tourism Development Authority	The West Jefferson TDA was organized to promote travel and tourism in the Town of West Jefferson. The Town's Board of Aldermen appoints the three member board of the Authority to serve two - year terms. The Authority collects a 3% room occupancy tax in order to promote travel, tourism, and conventions, sponsor tourist - related events and activities, and finance tourist - related capital projects in the Town.
Town of West Jefferson Board of Alcoholic Beverage Control	The ABC Board operates one liquor store, and through its law enforcement division, investigates violations of North Carolina ABC laws. The members of the ABC Board's governing body are appointed by the Town. In addition, the ABC Board is required to distribute its surplus to the General Fund of the Town.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category-- *governmental and proprietary* -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non - major funds.

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

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

Cemetery Special Revenue Fund - This fund is used to account for cemetery plot sales, used for the care of the municipal cemetery.

Park Special Revenue Fund - This fund is used to account for the care and maintenance of the Town Park which is primarily funded by a percentage of ad valorem taxes.

Capital Project Fund - This fund is used to account for the construction of governmental-type capital projects.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem 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 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 because the tax is levied by Ashe 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. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by 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 the General Fund, the Park (Special Revenue) Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Fund and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. The Budget Officer may transfer amounts up to \$10,000 between departments within the same fund, but must make an official report to the governing board. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and its component units 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

TOWN OF WEST JEFFERSON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXHIBIT 9

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. The Town's component units consider all high liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. The ABC board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136 - 41.4. Fire department funds are classified as restricted cash because the funds are mainly from fire tax revenues collected and remitted by the County of Ashe for fire department use only. Police funds are classified as restricted cash because they can only be expended for public safety purposes. USDA reserve funds are restricted per the USDA Water and Sewer Bond agreement.

Town of West Jefferson Restricted Cash

Governmental Activities	
General Fund	
Police	\$ 5,981
Streets	44,321
Fire	555,682
Total Governmental Activities	<u>\$ 605,984</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	\$ 40,360
USDA reserves	15,322
Total Business-type Activities	<u>\$ 55,682</u>
Total Restricted Cash	<u>\$ 661,666</u>

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventories

The inventories of the Town's General Fund consist of expendable supplies that are recorded as expenditures when purchased. Inventories in the enterprise fund are considered immaterial and, therefore, are recorded as expenditures when purchased. Inventories of the ABC Board are valued at the lower of cost (FIFO) or market.

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 \$5,000 for all capital asset purchases. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings	50
Improvements	20
Vehicles	5
Furniture & equipment	10
Computer equipment	3
Computer software	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 one item that meets this criterion - contributions made to the pension plan in the 2021 fiscal year. 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 until then. The Town has four items that meet the criterion for this category - prepaid taxes, property taxes receivable, prepaid business registrations, and deferrals of pension expense.

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town is to assign vacation days at the beginning of the calendar year, based on length of service. No more than 30 days (240 hours) of accumulated vacation leave may be carried forward to the next calendar year. Any excess will be converted to sick leave. The Town's liability for accumulated earned vacation as of the end of the fiscal year is recorded in the government-wide and proprietary fund financial statements on a FIFO basis.

The Town's sick leave policy provides for an unlimited accumulation of sick leave. 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 does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance 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. Nonspendable fund balance was zero at year end.

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

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

Restricted for Public Safety - Police - portion of fund balance that is restricted by revenue source for certain law enforcement expenditures.

Restricted for Public Safety - Fire Department - portion of fund balance that is restricted by revenue source for fire department expenditures.

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Committed for Park Maintenance - portion of fund balance that is committed for the care and maintenance of the municipal park. A portion of ad valorem taxes is budgeted each year for this purpose.

Assigned fund balance - portion of fund balance that the Town of West Jefferson intends to use for specific purposes.

Assigned for Capital Projects - portion of fund balance that has been assigned by the Board for governmental fund type capital projects.

Assigned for Cemetery Maintenance - portion of fund balance that has been assigned by the Board for special care and maintenance of the municipal cemetery, funded by cemetery plot sales.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$10,000.

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

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

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance - Related Legal Contractual Provisions

There were no instances of material matters of noncompliance with federal and State General Statute requirements.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for public safety activities by \$4,853. This over-expenditure occurred because of grant revenues and insurance proceeds that were initially subtracted from expenditures. Management now realizes that these funds should be recognized as revenues instead of reducing expenditures and will record them as such in the future.

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXHIBIT 9

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 policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount \$3,998,172 and a bank balance of \$4,065,825. 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 \$484.

2. Receivables - Allowance for Doubtful Accounts

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

<u>Fund</u>	<u>6/30/2021</u>
General Fund-Accounts Receivable	\$ 278
Enterprise Fund - Accounts Receivable	2,661
General Fund - Taxes Receivable	8,500
Total	<u>\$ 11,439</u>

3. 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	\$ 414,464	\$ -	\$ -	\$ 414,464
Construction in progress		12,500		12,500
Total capital assets not being depreciated	<u>414,464</u>	<u>12,500</u>		<u>426,964</u>
Capital assets being depreciated:				
Building	566,522	33,681		600,203
Other improvements	2,758,074	145,334		2,903,408
Equipment	878,239	169,413		1,047,652
Vehicles and motorized equipment	2,293,183	109,114	54,203	2,348,094
Computer equipment	30,902			30,902
Infrastructure				
Total capital assets being depreciated	<u>6,526,920</u>	<u>457,542</u>	<u>54,203</u>	<u>6,930,259</u>
Less accumulated depreciation for:				
Building	137,863	8,843		146,706
Other improvements	1,170,562	130,501		1,301,063
Equipment	650,516	60,148		710,664
Vehicles and motorized equipment	1,769,256	141,386	27,102	1,883,540
Computer equipment	30,902			30,902
Infrastructure				
Total accumulated depreciation	<u>3,759,099</u>	<u>340,878</u>	<u>27,102</u>	<u>4,072,875</u>
Total capital assets being depreciated, net	<u>2,767,821</u>			<u>2,857,384</u>
Governmental activity capital assets, net	<u>\$ 3,182,285</u>			<u>\$ 3,284,348</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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EXHIBIT 9

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

General government	\$ 21,055
Public safety	141,339
Transportation	151,392
Cultural and recreational	27,092
Total depreciation expense	<u>\$ 340,878</u>

Business-type activities:

Water and Sewer Fund

Capital assets not being depreciated:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 140,780	\$ -	\$ -	\$ 140,780
Construction in progress	1,281,180	93,061	1,374,241	-
Total capital assets not being depreciated	<u>1,421,960</u>	<u>93,061</u>	<u>1,374,241</u>	<u>140,780</u>

Capital assets being depreciated:

Land Improvements	13,074			13,074
Plant and distribution systems	14,438,694	1,432,296		15,870,990
Furniture and maintenance equipment	702,055	106,377		808,432
Vehicles	144,585			144,585
Total capital assets being depreciated	<u>15,298,408</u>	<u>1,538,673</u>	<u>-</u>	<u>16,837,081</u>

Less accumulated depreciation for:

Land Improvements	13,074			13,074
Plant and distribution systems	6,227,297	301,706		6,529,003
Furniture and maintenance equipment	587,744	23,942		611,686
Vehicles	97,907	14,284		112,191
Total accumulated depreciation	<u>6,926,022</u>	<u>339,932</u>	<u>-</u>	<u>7,265,954</u>
Total capital assets being depreciated, net	<u>8,372,386</u>			<u>9,571,127</u>

Business-type activities capital assets, net

<u>\$ 9,794,346</u>	<u>\$ 9,711,907</u>
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Construction Commitments

The government has one active construction projects as of June 30, 2021. However, at the year-end, the government's commitments with contractors are zero.

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 95,614	\$ -	\$ -	\$ 95,614
Construction in progress				-
Total capital assets not being depreciated	<u>95,614</u>	<u>-</u>	<u>-</u>	<u>95,614</u>
Capital assets being depreciated:				
Building	451,984			451,984
Building & Improvements	213,184	8,625		221,809
Machinery & Equipment	130,284			130,284
Furniture and Fixtures	14,747			14,747
Total capital assets being depreciated	<u>810,199</u>	<u>8,625</u>	<u>-</u>	<u>818,824</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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EXHIBIT 9

Less accumulated depreciation for :

Building	70,393	9,248	79,641
Building & Improvements	114,266	11,192	125,458
Machinery & Equipment	106,306	8,400	114,706
Furniture & Fixtures	6,431	2,960	9,391
Total accumulated depreciation	297,396	31,800	- 329,196
Total capital assets being depreciated, net	512,803		489,628
ABC capital assets, net	\$ 608,417		\$ 585,242

B. Liabilities

1. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of West Jefferson is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which 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 the Office of the State Controller, 1410 Mail Services Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

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.

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EXHIBIT 9

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of West Jefferson 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 West Jefferson's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the Town of West Jefferson were \$91,405 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 Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a liability of \$504,925 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 0.01413% which was an increase of 0.00042% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$164,729. 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	\$ 63,763	\$ -
Changes of assumptions	37,576	
Net difference between projected and actual earnings on pension plan investments	71,055	
Changes in proportion and differences between Town contributions and proportionate share of contributions		13,369
Town contributions subsequent to the measurement date	91,405	
Total	<u>\$ 263,799</u>	<u>\$ 13,369</u>

The \$91,405 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	42,025
2023	59,733
2024	36,238
2025	21,029
2026	
Thereafter	
	<u>\$ 159,025</u>

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EXHIBIT 9

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 rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

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 statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was

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EXHIBIT 9

projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 1,024,438	\$ 504,925	\$ 73,173

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.

b. Law Enforcement Officers Special Separation Allowance

Plan Description

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

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

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	8
Total	<u>9</u>

A separate report was not issued for the plan, because the Town is not currently funding the plan.

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 criteria which are outlined in GASB Statement 73.

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EXHIBIT 9

Actuarial Assumptions

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

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The Discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the RP-2014 base rates projected to the valuation date using MP-2015, projected forward generationally.

Contributions

The Town is required by Article 12D of G.S Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned 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 employees. The Town paid 3,520, as benefits came due for the reporting period.

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

At June 30, 2021 the Town reported a total liability of \$148,704. 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 \$23,558.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,452	\$ 3,225
Changes of assumptions	34,257	2,404
Benefits payments and plan administrative expense made subsequent to the measurement date	1,760	
Total	<u>\$ 67,469</u>	<u>\$ 5,629</u>

The amount of \$1,760 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to be Recognized in Pension Expense
Year ended June 30:			
2022	\$ 12,645	\$ 1,855	\$ 10,790
2023	12,525	1,607	10,918
2024	11,708	1,001	10,707
2025	11,708	1,002	10,706
2026	11,708	126	11,582
Thereafter	5,415	38	5,377
Total	<u>\$ 65,709</u>	<u>\$ 5,629</u>	<u>\$ 60,080</u>

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EXHIBIT 9

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

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 166,998	\$ 148,704	\$ 132,495

Law Enforcement Officers' Special Separation Allowance

	2021
Beginning balance	\$ 66,622
Service cost	10,653
Interest on the total pension liability	2,115
Changes of benefit terms	
Differences between expected and actual experience in the measurement of total pension liability	37,202
Changes of assumptions or other inputs	35,632
Benefit payments	(3,520)
Other changes	
Ending balance of total pension liability	<u>\$ 148,704</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 health 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 experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2019.

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 164,729	\$ 23,558	\$ 188,287
Pension Liability	504,925	148,704	653,629
Proportionate share of the net pension liability	0.01413%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 63,763	\$ 31,452	\$ 95,215
Changes of assumptions	37,576	34,257	71,833
Net difference between projected and actual earnings on plan investments	71,055	-	71,055
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	91,405	1,760	93,165
Total Deferred Outflows of Revenues	<u>\$ 263,799</u>	<u>\$ 67,469</u>	<u>\$ 331,268</u>

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EXHIBIT 9

Deferred Inflows of Resources

Differences between expected and actual experience	\$	-	\$	3,225	\$	3,225
Changes of assumptions		-		2,404		2,404
Net difference between projected and actual earnings on plan investments		-				-
Changes in proportion and differences between contributions and proportionate share of contributions		13,369		-		13,369
Total Deferred Inflows of Revenues	\$	13,369	\$	5,629	\$	18,998

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for law enforcement officers the year ended June 30, 2021 were \$34,396, which consisted of \$17,680 from the Town and \$16,716 from the law enforcement officers. The Town has also elected to include general employees in the plan as well. Contributions for general employees for the year ended June 30, 2021 were \$32,202, which consisted of \$26,112 from the Town and \$6,090 from general employees.

d. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of West Jefferson, to the Firefighter's and Rescue Squad Workers' Pension Fund, a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. 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.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The Town pays the required contribution for the West Jefferson Fire Department, which totaled \$2,100 for the fiscal year ended June 30, 2021. The State, a nonemployee contributor, funds the plan through appropriations. Contribution requirements of plan by the North Carolina General Assembly.

TOWN OF WEST JEFFERSON, NORTH CAROLINA
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EXHIBIT 9

e. Other Postemployment Benefits

Health Care Benefits

The Town of West Jefferson's health insurance plan only allows for state continuation coverage of up to 18 months after retirement. The Town does not pay for those benefits. Therefore, the Town has no Other Post-employment Benefits.

f. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after 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 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The Town considers the contribution to be immaterial.

2. Deferred Outflows and Inflows of Resources

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

	Statement of Net Position
Contributions to pension plan in current fiscal year (LGERS)	\$ 91,405
Benefit payments made and administrative expenses for LEOSSA made subsequent to the measurement date	1,760
Differences between expected and actual experience (LGERS)	63,763
Differences between expected and actual experience (LEOSSA)	31,452
Changes of assumptions (LGERS)	37,576
Changes of assumptions (LEOSSA)	34,257
Net difference between projected and actual earnings on pension plan investments (LGERS)	71,055
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	-
Total	<u>\$ 331,268</u>

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

	Statement of Net Position	Governmental Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 5,779	\$ 5,779
Taxes receivable, less penalties (General Fund & Park)	-	40,725
Prepaid Licenses	375	375
Changes in assumptions (LEOSSA)	2,404	
Differences between expected and actual experience (LGERS)	-	
Differences between expected and actual experience (LEOSSA)	3,225	
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)	13,369	
Total	<u>\$ 25,152</u>	<u>\$ 46,879</u>

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EXHIBIT 9

3. Commitments

The Town has a commitment to pay economic incentives to the Ashe County Job Development for GE Aviation, as long as the Company meets its obligations under its agreement amended in August 2020:

FY 2021/22	\$ 150,000
FY 2022/23	100,000
FY 2023/24	75,000
Total	<u>\$ 325,000</u>

4. 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 carries commercial coverage for all risks of loss as follows:

Insurance Coverage

Agent: Miller's Insurance Agency
Provider: Employers Mutual Casualty Company

<u>Type</u>	<u>Coverage</u>	<u>Limit of Insurance</u>
Fire on Building	Blanket Building and Personal Property	\$ 13,224,793
Liability	General Aggregate (other than Property)	2,000,000
	Each Occurrence	1,000,000
Equipment Floater	Contractor's Equipment	367,700
Automobile	Liability	1,000,000
Worker's Compensation	Policy applies to the Worker's Comp Laws of NC	500,000

Agent: Miller's Insurance Agency
Provider: RLI Insurance Company

Professional Liability:		
Errors/Omissions	Per Occurrence	\$ 1,000,000
	Annual Aggregate	2,000,000

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 has no flood insurance. Flood insurance has not been required by lenders thus far. The Town's Finance Officer is bonded for \$50,000, the Town Manager for \$10,000, and the Tax Collector \$10,000.

5. Long Term Debt Obligations

a. Installment Purchases

	<u>Balance Due</u>
<u>Serviced by the General Fund</u>	
\$163,770 New Street Sweeper for the Street Department issued April 9, 2018, due in annual installments of \$36,015 including interest through April 19, 2022, interest at 3.25% payable to Estate of Herbert Francis. The note is secured by a lien on the equipment. In the event of default, the remaining principal balance and any interest accrued become due and payable within 15 days.	\$ 68,666

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\$55,892 New Dump Truck for the Street Department issued November 8, 2017, due in annual installments of \$12,030 including interest through November 1, 2023, interest at 2.5% payable to Estate of Herbert Francis. The note is secured by a lien on the vehicle. In the event of default, the remaining principal balance and interest accrued become due and payable within 15 days. 23,188

\$41,000 New Trac Hoe for Street Department issued August 5, 2016, due in annual installments of \$8,825, including interest through August 15, 2021, interest at 2.5% payable to the Estate of Herbert Francis. The note is secured by a lien on the equipment. In the event of default, the remaining principal balance and interest accrued become due and payable within 15 days. 8,610

Serviced by the Water and Sewer Fund

\$1,195,507 Water Pollution Control Revolving Loan issued November 12, 2002 due in annual installments of \$59,775 plus interest through May 1, 2022, interest at 2.87%, for a Water Line. The note is payable solely from water and sewer revenues. In the event of default, any other monies due to the Town from the State may be withheld by the State and applied to the payment due. 59,775

\$1,021,299 Drinking Water State Revolving Loan issued April 11, 2003 due in annual installments of \$51,065 principal plus interest through May 1, 2022, interest at 2.87%, for a Waste Water Treatment Plant. The note is payable solely from water and sewer revenues. In the event of default, any other monies due to the Town from the State may be withheld by the State and applied to the payment due. 51,065

\$ 211,304

The future minimum payments on installment purchases as of June 30, 2021 including interest of \$4,451 on debt presented for governmental activities and \$3,180 on water and sewer debt,

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 53,845	\$ 3,024	\$ 110,840	\$ 3,180
2023	46,619	1,427		
2024				
2025				
2026				
Total	<u>\$ 100,464</u>	<u>\$ 4,451</u>	<u>\$ 110,840</u>	<u>\$ 3,180</u>

b. Revenue Bonds

\$380,000 Water and Sewer Revenue Bonds, Series 2019A, issued for water and sewer improvements, July 17, 2019. Principal and interest installments are due annually on June 1, at an annual interest rate of 1.75%. \$ 366,000

\$309,000 Water and Sewer Revenue Bonds, Series 2019B, issued for water and sewer improvements, July 17, 2019. Principal and interest installments are due annually on June 1, at an annual interest rate of 2.125%. 297,000

\$ 663,000

TOWN OF WEST JEFFERSON, NORTH CAROLINA
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EXHIBIT 9

The future payments of revenue bonds are as follows"

Year Ending June 30	Series 2019A		Series 2019B	
	Principal	Interest	Principal	Interest
2022	\$ 7,000	\$ 6,405	\$ 5,000	\$ 6,311
2023	7,000	6,282	5,000	6,205
2024	7,000	6,160	5,000	6,099
2025	7,000	6,037	6,000	5,993
2026	7,000	5,915	6,000	5,865
2027-2031	39,000	27,632	30,000	27,412
2032-2036	42,000	24,132	34,000	24,097
2037-2041	46,000	20,300	37,000	20,378
2042-2046	50,000	16,100	41,000	16,256
2047-2051	55,000	11,550	46,000	11,687
2052-2056	60,000	6,562	51,000	6,587
2057-2061	39,000	1,365	31,000	1,275
Total	<u>\$ 366,000</u>	<u>\$ 138,440</u>	<u>\$ 297,000</u>	<u>\$ 138,165</u>

The Town is in compliance with the covenants as to rates and charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water And Sewer Revenue Bonds. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2021 is as follows:

Operating revenues	\$ 1,017,983
Operating expenses*	(813,840)
Net operating revenues available for debt service	<u>\$ 204,143</u>
Debt service, principal and interest paid	<u>\$ 123,840</u>
Debt service coverage ratio	165%

*Per rate covenants, this does not include the depreciation expense of \$339,932

The Town pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$689,000 in water and sewer system revenue bonds issued in July 2019. Proceeds from the bonds provided financing for the various improvements to the Town's water and sewer system, including a sludge dewatering facility, a water supply well with water lines, and water and sewer lines for Mount Jefferson Road/Wade Vannoy Drive. The bonds are payable solely from water and sewer customer net revenues and are payable through 2059. Annual principal and interest payments on the bonds are expected to require approximately 13 % of net revenues. The total principal and interest remaining to be paid on the bonds is \$939,609. Principal and interest paid for the current year and total customer net revenues were \$25,966 and \$204,143 respectively.

c. Changes in Long-Term Liabilities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
Direct placement					
installment purchases	\$ 177,256	\$ -	\$ 76,792	\$ 100,464	\$ 53,845
Compensated absences	49,644	49,138	40,182	58,600	58,600
Net pension liability (LGERS)	294,285	111,321	-	405,606	
Net pension liability (LEO)	66,622	82,082	-	148,704	
Gov activities long-term liabilities	<u>\$ 587,807</u>	<u>\$ 242,541</u>	<u>\$ 116,974</u>	<u>\$ 713,374</u>	<u>\$ 112,445</u>

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NOTES TO THE FINANCIAL STATEMENTS
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EXHIBIT 9

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Business-type activities:					
Direct placement					
installment purchases	\$ 221,680	\$ -	\$ 110,840	\$ 110,840	\$ 110,840
Revenue Bonds	676,000		13,000	663,000	12,000
Compensated absences	14,467	13,131	11,776	15,822	15,822
Net pension liability (LGRS)	80,132	19,187	-	99,319	
Bus-type activities long-term liab.	<u>\$ 992,279</u>	<u>\$ 32,318</u>	<u>\$ 135,616</u>	<u>\$ 888,981</u>	<u>\$ 138,662</u>

Compensated absences typically have been liquidated in the General Fund.

C. Transfers and Interfund Balances

Transfers to/from Other Funds

There were no transfers between funds during the year ending June 30, 2021, only transfers between departments within the same fund.

D. Fund Balance

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

Total fund balance - General Fund	\$ 3,086,330
Less:	
Stabilization by State Statute	314,777
Public Safety - Police	5,981
Streets - Powell Bill	44,320
Public Safety - Fire Department	555,681
Appropriated Fund Balance in 2021/2022 budget	200,000
Remaining Fund Balance	1,965,571

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

V. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued - November 12, 2021.

TOWN OF WEST JEFFERSON, NORTH CAROLINA
TOWN OF WEST JEFFERSON'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
West Jefferson's proportion of the net pension liability (asset) (%)	0.01413%	0.01371%	0.01281%	0.01388%	0.01395%	0.01451%	0.01451%	0.01450%
West Jefferson's proportion of the net pension liability (asset) (\$)	\$ 504,925	\$ 374,409	\$ 303,897	\$ 212,048	\$ 296,066	\$ 65,120	\$ (85,572)	\$ 174,781
West Jefferson's covered-employee payroll	\$ 825,496	\$ 758,362	\$ 757,634	\$ 752,691	\$ 703,666	\$ 717,027	\$ 720,204	\$ 744,664
West Jefferson's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	61.16%	49.37%	40.11%	28.17%	42.07%	9.25%	(11.88%)	23.47%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
TOWN OF WEST JEFFERSON'S PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 91,405	\$ 76,283	\$ 60,749	\$ 58,896	\$ 56,666	\$ 48,148	\$ 52,006	\$ 51,449
Contributions in relation to the contractually required contribution	<u>91,405</u>	<u>76,283</u>	<u>60,749</u>	<u>58,896</u>	<u>56,666</u>	<u>48,148</u>	<u>52,006</u>	<u>51,449</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
West Jefferson's covered-employee payroll	\$ 876,507	\$ 825,496	\$ 758,362	\$ 757,634	\$ 752,691	\$ 703,666	\$ 717,027	\$ 720,204
Contributions as a percentage of covered-employee payroll	10.43%	9.24%	8.01%	7.77%	7.53%	6.84%	7.25%	7.14%

TOWN OF WEST JEFFERSON, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 66,622	\$ 58,134	\$ 55,099	\$ 46,217	\$ 41,945
Changes for the Year:					
Service Cost	10,653	7,298	7,420	6,084	6,370
Interest On The Total Pension Liability	2,115	2,057	1,741	1,763	1,465
Changes of Benefit Terms					
Differences Between Expected And Actual Experience					
In The Measurement Of The Total Pension Liability	37,202	(920)	(2,572)	(3,406)	
Changes Of Assumptions Or Other Inputs	35,632	3,280	(3,554)	5,502	(1,744)
Benefit Payments	(3,520)	(3,227)		(1,061)	(1,819)
Other Changes					
Net Changes	<u>\$ 82,082</u>	<u>\$ 8,488</u>	<u>\$ 3,035</u>	<u>\$ 8,882</u>	<u>\$ 4,272</u>
Ending Balance Of The Total Pension Liability	<u>\$ 148,704</u>	<u>\$ 66,622</u>	<u>\$ 58,134</u>	<u>\$ 55,099</u>	<u>\$ 46,217</u>

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

TOWN OF WEST JEFFERSON, 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	\$ 148,704	\$ 66,622	\$ 58,134	\$ 55,099	\$ 46,217
Covered Payroll	\$ 315,368	\$ 280,048	\$ 279,403	\$ 285,380	\$ 289,752
Total Pension Liability as a Percentage of Covered Payroll	47.15%	23.79%	20.81%	19.31%	15.95%

Notes to the schedules:

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

TOWN OF WEST JEFFERSON, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad Valorem Taxes:			
Current Year	\$ -	\$ 1,537,888	\$ -
Prior Years		35,290	
Penalties and Interest		8,832	
Total	<u>\$ 1,482,300</u>	<u>\$ 1,582,010</u>	<u>\$ 99,710</u>
 Unrestricted Intergovernmental Revenues:			
Local Option Sales Tax	\$ -	\$ 509,644	\$ -
Telecommunications Tax		12,606	
Utilities Franchise Tax		193,488	
Piped Natural Gas Tax		4,135	
Video Franchise Tax		646	
Beer and Wine Tax		5,521	
ABC Profit Distribution		170,000	
Total	<u>\$ 635,000</u>	<u>\$ 896,040</u>	<u>\$ 261,040</u>
 Restricted Intergovernmental Revenues:			
Federal & State Grants	\$ -	\$ 157,841	\$ -
Fire Tax Collections & Budget Appropriation		217,162	
Firefighter's Relief Fund & State Grants		36,146	
Police Funds		113	
ABC Revenues for Law Enforcement		9,911	
Powell Bill Allocation		41,188	
Solid Waste Disposal Tax		981	
Total	<u>\$ 302,200</u>	<u>\$ 463,342</u>	<u>\$ 161,142</u>
 Permits and Fees:			
Officer Fees	\$ -	\$ 762	\$ -
Garbage Fees		17,525	
Planning Fees		7,020	
Beer & Wine License		570	
Occupancy Tax Fee		-	
Total	<u>\$ 18,800</u>	<u>\$ 25,877</u>	<u>\$ 7,077</u>
 Investment Earnings:			
Investment Earnings	\$ -	\$ 14,338	\$ -
Total	<u>\$ 21,000</u>	<u>\$ 14,338</u>	<u>\$ (6,662)</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
Miscellaneous:			
Contributions to Fire Department	\$ -	\$ 4,133	\$ -
Other		8,262	
Insurance Proceeds		30,000	
Total	<u>\$ -</u>	<u>\$ 42,395</u>	<u>\$ 42,395</u>
 Total Revenues	 <u>\$ 2,459,300</u>	 <u>\$ 3,024,002</u>	 <u>\$ 564,702</u>
 Expenditures			
General Government			
Administration			
Salaries/Employee Benefits	\$ -	\$ 304,235	\$ -
Operating Expenses		187,330	
Capital Outlay		33,170	
Total General Government	<u>\$ 587,400</u>	<u>\$ 524,735</u>	<u>\$ 62,665</u>
 Public Safety			
Police			
Salaries/Employee Benefits	\$ -	\$ 496,228	\$ -
Operating Expenses		109,132	
Capital Outlay		109,114	
Total		<u>714,474</u>	
 Fire			
Salaries/Employee Benefits		6,191	
Operating Expenses		167,639	
Capital Outlay		103,849	
Total		<u>277,679</u>	
Total Public Safety	<u>\$ 987,300</u>	<u>\$ 992,153</u>	<u>\$ (4,853)</u>
 Transportation			
Street Department			
Salaries/Employee Benefits	\$ -	\$ 163,185	\$ -
Operating Expenses		244,219	
Capital Outlay		162,765	
Total		<u>570,169</u>	
 Powell Bill			
Operating Expenses		33,480	
Capital Outlay		7,320	
Total		<u>40,800</u>	
Total Transportation	<u>\$ 651,200</u>	<u>\$ 610,969</u>	<u>\$ 40,231</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Economic Development			
Contributions to ACJD		\$ 125,000	
Co-Operative Agreement		16,667	
Total Economic Development	<u>\$ 141,700</u>	<u>\$ 141,667</u>	<u>\$ 33</u>
Environmental Protection			
Sanitation			
Contracted Services	\$ -	\$ 101,076	\$ -
Recycling		6,000	
Total Environmental Protection	<u>\$ 108,000</u>	<u>\$ 107,076</u>	<u>\$ 924</u>
Culture and Recreation			
Donation to WJ Lions Club	\$ -	\$ -	\$ -
Other			
Total Culture and Recreation	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>
Debt Service			
Principal Retirement	\$ -	\$ 76,792	\$ -
Interest Expense		5,140	
Total Debt Service	<u>\$ 82,200</u>	<u>\$ 81,932</u>	<u>\$ 268</u>
Contingency Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,559,100</u>	<u>\$ 2,458,532</u>	<u>\$ 100,568</u>
Revenues Over (Under) Expenditures	<u>\$ (99,800)</u>	<u>\$ 565,470</u>	<u>\$ 665,270</u>
Other Financing Sources (Uses)			
Loan Proceeds	\$ -		\$ -
Appropriated Fund Balance	99,800	-	(99,800)
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 99,800</u>	<u>\$ -</u>	<u>\$ (99,800)</u>
Excess of Revenues and Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 565,470</u>	<u>\$ 565,470</u>
Fund Balance			
Beginning of Year, July 1		<u>2,520,860</u>	
End of Year, June 30		<u>\$ 3,086,330</u>	

TOWN OF WEST JEFFERSON, NORTH CAROLINA
COMBINING BALANCE SHEETS
NON - MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Non - Major Governmental Funds</u>
	<u>Park Fund</u>	<u>Cemetery Fund</u>		
ASSETS				
Cash and Cash Equivalents	\$ 121,042	\$ 34,222	\$ 43,484	\$ 198,748
Receivables (Net):				
Taxes	2,696			2,696
Due from Other Governmental Units	349			349
Total Assets	<u>\$ 124,087</u>	<u>\$ 34,222</u>	<u>\$ 43,484</u>	<u>\$ 201,793</u>
LIABILITIES				
Accounts Payable	\$ 1,416	\$ -		\$ 1,416
Total Liabilities	<u>\$ 1,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,416</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes Receivable	\$ 2,696	\$ -	\$ -	\$ 2,696
Total Deferred Inflows of Resources	<u>\$ 2,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,696</u>
FUND BALANCES				
Restricted:				
Restricted by State Statute	\$ 349	\$ -	\$ -	\$ 349
Committed:				
For Park Maintenance	59,626			59,626
Assigned:				
Subsequent Year's Expenditures	60,000			60,000
For Cemetery Maintenance		34,222		34,222
Capital Projects			43,484	43,484
Total Fund Balance	<u>\$ 119,975</u>	<u>\$ 34,222</u>	<u>\$ 43,484</u>	<u>\$ 197,681</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 124,087</u>	<u>\$ 34,222</u>	<u>\$ 43,484</u>	<u>\$ 201,793</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON - MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Special Revenue Funds</u>		<u>Capital</u>	<u>Total</u>
	<u>Park</u>	<u>Cemetery</u>	<u>Projects</u>	<u>Non - Major</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Gov't Funds</u>
Revenues:				
Ad Valorem Taxes				
Current Year	\$ 119,629	\$ -	\$ -	\$ 119,629
Prior Years	4,216			4,216
Total	<u>\$ 123,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,845</u>
Investment Earnings	\$ 700	\$ 140	\$ -	\$ 840
Contribution				-
Miscellaneous	2,762			2,762
Sale of Plots		4,500		4,500
Total	<u>\$ 3,462</u>	<u>\$ 4,640</u>	<u>\$ -</u>	<u>\$ 8,102</u>
Total Revenues	<u>\$ 127,307</u>	<u>\$ 4,640</u>	<u>\$ -</u>	<u>\$ 131,947</u>
Expenditures:				
Cultural and Recreational				
Salaries/Employee Benefits	\$ 40,427	\$ -	\$ -	\$ 40,427
Operating Expenses	32,115			32,115
Capital Outlay	53,824			53,824
Total Cultural and Recreational	<u>\$ 126,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,366</u>
Total Expenditures	<u>\$ 126,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,366</u>
Revenues Over (Under) Expenditures	\$ 941	\$ 4,640	\$ -	\$ 5,581
Other Financing Sources (Uses)				
Loan Proceeds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of Revenues and Other Sources				
Over (Under) Expenditures	\$ 941	\$ 4,640	\$ -	\$ 5,581
Fund Balance:				
Beginning of Year, July 1	<u>119,034</u>	<u>29,582</u>	<u>43,484</u>	<u>192,100</u>
End of Year, June 30	<u><u>\$ 119,975</u></u>	<u><u>\$ 34,222</u></u>	<u><u>\$ 43,484</u></u>	<u><u>\$ 197,681</u></u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
SPECIAL REVENUE - PARK 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 Favorable (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes			
Current Year	\$ 110,000	\$ 119,629	\$ 9,629
Prior Years	-	4,216	4,216
Total	<u>\$ 110,000</u>	<u>\$ 123,845</u>	<u>\$ 13,845</u>
Investment Earnings		\$ 700	\$ 700
Sale of Fixed Assets			-
Miscellaneous		2,762	2,762
Total	<u>\$ -</u>	<u>\$ 3,462</u>	<u>\$ 3,462</u>
Total Revenues	<u>\$ 110,000</u>	<u>\$ 127,307</u>	<u>\$ 17,307</u>
Expenditures:			
Cultural and Recreational			
Salaries/Employee Benefits	\$ -	\$ 40,427	\$ -
Operating Expenses		32,115	
Capital Outlay		53,824	
Total Expenditures	<u>151,500</u>	<u>126,366</u>	<u>\$ 25,134</u>
Revenues Over (Under) Expenditures	\$ (41,500)	\$ 941	\$ 42,441
Other Financing Sources (Uses)			
Appropriated Fund Balance	41,500		(41,500)
Excess of Revenues and Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	\$ 941	<u>\$ 941</u>
Fund Balance:			
Beginning of Year, July 1		119,034	
End of Year, June 30		<u>\$ 119,975</u>	

TOWN OF WEST JEFFERSON, 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 Favorable (Unfavorable)
Revenues			
Operating Revenues			
Charges for Services			
Water Charges	\$ 507,000	\$ 522,675	\$ 15,675
Sewer Charges	453,000	467,139	14,139
Water and Sewer Taps	17,000	24,700	7,700
Total Charges for Services	\$ 977,000	\$ 1,014,514	\$ 37,514
Other Operating Revenues		3,469	3,469
Total Operating Revenues	\$ 977,000	\$ 1,017,983	\$ 40,983
Nonoperating Revenues			
Interest Earned on Investments	5,000	5,572	572
Total Nonoperating Revenues	\$ 5,000	\$ 5,572	\$ 572
Total Revenues	\$ 982,000	\$ 1,023,555	\$ 41,555
Expenditures			
Water Department			
Salaries/Employee Benefits	\$ -	\$ 124,809	\$ -
Repair & Maintenance		187,579	
Other Departmental Expenses		83,205	
Capital Outlay		61,320	
Total Water Department	\$ 485,300	\$ 456,913	\$ 28,387
Sewer Department			
Salaries/Employee Benefits	\$ -	\$ 119,150	\$ -
Repair & Maintenance		121,783	
Other Departmental Expenses		164,677	
Capital Outlay		103,113	
Total Sewer Department	\$ 608,400	\$ 508,723	\$ 99,677

TOWN OF WEST JEFFERSON, 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 Favorable (Unfavorable)
Debt Service			
Interest	\$ -	\$ 19,328	\$ -
Debt Principal		123,840	
Total Debt Service	\$ 143,300	\$ 143,168	\$ 132
Total Expenditures	\$ 1,237,000	\$ 1,108,804	\$ 128,196
Revenues Over (Under) Expenditures	\$ (255,000)	\$ (85,249)	\$ 169,751
Other Financing Sources (Uses)			
Fund Balance Appropriated	\$ 255,000	\$ -	\$ (255,000)
Loan Proceeds	-	-	-
State and Federal Grants			-
Total Other Financing Sources (Uses)	\$ 255,000	\$ -	\$ (255,000)
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	\$ -	\$ (85,249)	\$ (85,249)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual			
Reconciling Items:			
Capital Grants (in Capital Projects Fund)		\$ 86,707	
Capital Outlay (not in Capital Project Fund)		164,433	
Loan Proceeds		-	
Debt Principal		123,840	
Depreciation		(339,932)	
(Increase) Decrease in Accrued Interest		533	
(Increase) Decrease in Compensated Absences Payable		(1,355)	
Increase (Decrease) in Deferred Outflows for Pensions		6,828	
(Increase) Decrease in Net Pension Liability		(19,187)	
(Increase) Decrease in Deferred Inflows for Pensions		1,074	
Total Reconciling Items		\$ 22,941	
Change in Net Position		\$ (62,308)	

TOWN OF WEST JEFFERSON
ENTERPRISE - WATER & SEWER CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL- (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED, JUNE 30, 2021

	Project Authorization	Prior Years	ACTUAL Current Year	Total To Date	Variance Favorable (Unfavorable)
Water & Sewer Sludge Press/Well/W&S Line Extension					
<u>Revenues</u>					
Restricted Intergovernmental Revenues					
USDA Grant	\$ 207,000	\$ 172,320	\$ 34,680	\$ 207,000	\$ -
ARC Grant	300,000	247,973	52,027	300,000	-
Interest		144		144	144
Total Revenue	<u>\$ 507,000</u>	<u>\$ 420,437</u>	<u>\$ 86,707</u>	<u>\$ 507,144</u>	<u>\$ 144</u>
<u>Expenditures</u>					
Water & Sewer Improvements					
Administrative	\$ 21,350	\$ 16,861	\$ -	\$ 16,861	\$ 4,489
Engineering	110,600	131,874	13,000	144,874	(34,274)
Construction	1,159,426	1,143,265	80,061	1,223,326	(63,900)
Contingency	76,249	-	-	-	76,249
Total Expenditures	<u>\$ 1,367,625</u>	<u>\$ 1,292,000</u>	<u>\$ 93,061</u>	<u>\$ 1,385,061</u>	<u>\$ (17,436)</u>
Revenues Over (Under) Expenditures	\$ (860,625)	\$ (871,563)	\$ (6,354)	\$ (877,917)	\$ (17,292)
Other Financing Sources (Uses)					
USDA Loan	\$ 689,000	\$ 689,000		\$ 689,000	\$ -
Town Contribution	171,625	182,563	6,354	188,917	17,292
Revenues and Other Financing Sources					
Over (Under) Expenditures and					
Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2021

	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 21	\$ -	\$ 1,701,158	1,678,725	\$ 22,433
2019 - 20	33,095		22,612	10,483
2018 - 19	13,685		8,847	4,838
2017 - 18	4,673		2,123	2,550
2016 - 17	2,367		206	2,161
2015 - 16	1,248		176	1,072
2014 - 15	1,285		609	676
2013 - 14	1,965		610	1,355
2012 - 13	2,104		299	1,805
2011 - 12	1,854		-	1,854
2010 - 11	1,766		1,766	-
	<u>\$ 64,042</u>	<u>\$ 1,701,158</u>	<u>\$ 1,715,973</u>	<u>\$ 49,227</u>
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>\$ (8,500)</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 40,727</u>

Reconcilement with Revenues:

Taxes - Ad Valorem - General Fund	\$ 1,582,010
Taxes - Ad Valorem - Special Revenue Fund	123,845
Discounts Allowed	20,228
Adjustments	(3,044)
Interest Received	(8,832)
Amount Written Off Per Statute of Limitations	<u>1,766</u>
Total Collections and Credits	<u>\$ 1,715,973</u>

TOWN OF WEST JEFFERSON, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Total Levy</u>				
	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$ 392,948,491	.42	\$ 1,651,008	\$ 1,611,635	\$ 39,373
Property taxed at prior years rate	2,884,771	.42	12,116		12,116
Total original levy	<u>\$ 395,833,262</u>		<u>\$ 1,663,124</u>	<u>\$ 1,611,635</u>	<u>\$ 51,489</u>
Discoveries:					
Current year's taxes	11,479,287	.42	48,317	48,317	
Total	<u>\$ 407,312,549</u>		<u>\$ 1,711,441</u>	<u>\$ 1,659,952</u>	<u>\$ 51,489</u>
Less Abatements	(2,448,370)		(10,283)	(10,283)	
Total property valuation	<u><u>\$ 404,864,179</u></u>				
Net levy			\$ 1,701,158	\$ 1,649,669	\$ 51,489
Uncollected taxes at June 30, 2021			(22,433)	(22,433)	
Current year's taxes collected			<u><u>\$ 1,678,725</u></u>	<u><u>\$ 1,627,236</u></u>	<u><u>\$ 51,489</u></u>
Current levy collection percentage			<u><u>98.68%</u></u>	<u><u>98.64%</u></u>	<u><u>100.00%</u></u>

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Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Board of Aldermen
Town of West Jefferson, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of West Jefferson, 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 of West Jefferson's basic financial statements, and have issued our report thereon dated November 12, 2021. Our report includes a reference to other auditors who audited the financial statements of the West Jefferson ABC Board, as described in our report on the Town of West Jefferson's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the West Jefferson ABC Board and the West Jefferson TDA were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Priscilla L. Norris, CPA
Jefferson, North Carolina
November 12, 2021

TOWN OF WEST JEFFERSON, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
* Significant Deficiency(s) identified that are not considered to be material weakness?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted	_____ yes	_____ <u>X</u> no

Section II. Financial Statement Findings

None reported.

TOWN OF WEST JEFFERSON, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

TOWN OF WEST JEFFERSON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Numbers</u>	<u>State</u> <u>Project</u> <u>Numbers</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
<u>US Department of Agriculture</u>				
Passed-through NC Department of Agriculture and Consumer Services:				
Water and Waste Disposal Systems	10.760			
For Rural Communities - USDA Grant			\$ 34,680	\$ -
- ARC Grant			52,027	
Total			<u>86,707</u>	
<u>US Department of Agriculture</u>				
Community Connect Grant (WIFI)	10.863		20,785	
<u>US Department of Treasury</u>				
Passed-through the Office of State Budget and Management:				
NC Pandemic Recovery Office				
Passed-through Ashe County:				
Coronavirus Relief Fund	21.019		122,056	
<u>NC Department of Transportation</u>				
Powell Bill		DOT-4		40,800
<u>NC Department of Insurance</u>				
Volunteer Fire Department Grants				36,146
<u>NC Division of Air Quality</u>				
Electric Vehicle Charger Grant				10,000
<u>High Country Council of Governments</u>				
Stormwater Quality Plan Grant				5,000
Total Assistance			<u>\$ 229,548</u>	<u>\$ 91,946</u>

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

Note Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the Town of West Jefferson under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. Because SEFSA presents only a selected portion of the operations of the Town of West Jefferson, it is not intended to and does not present financial position, changes in net position or cash flows of the Town of West Jefferson.