

REVIEWED

By SLGFD at 11:15 am, Feb 04, 2022

Town of Whitsett

Whitsett, North Carolina

Audited Financial Statements

Year Ended June 30, 2021

Town of Whitsett
Whitsett, North Carolina

Richard Fennell, Mayor
Jerry Rice, Mayor Pro-Tem

Town Council

Lee Greeson
Cynthia Wheeler
Craig York

Town Administrator

Gary Deal - Interim

Town Clerk

Joanne Hesson

**Town of Whitsett
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June 30, 2021**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the Town of Whitsett, 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 Whitsett'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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

MEMBER OF:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • AICPA PRIVATE COMPANIES PRACTICE SECTION • NORTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund information of the Town of Whitsett, North Carolina as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

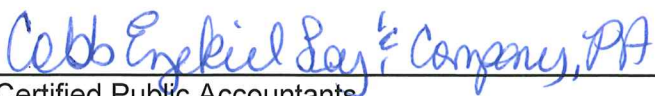
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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 Whitsett's basic financial statements. The introductory information, individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Certified Public Accountants
Graham, North Carolina
January 26, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Whitsett, we offer readers of the Town of Whitsett's financial statements this narrative overview and analysis of the financial activities of the Town 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 of Whitsett's financial statements, which follow this narrative.

Financial Highlights

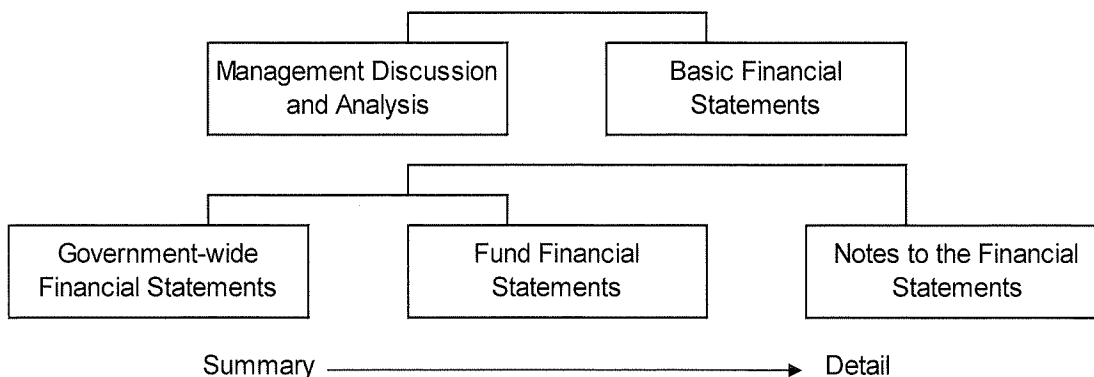
- The assets and deferred outflows of resources of the Town of Whitsett exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,486,297 (*net position*).
- The government's total net position increased by \$20,364, due to an increase in the government type activities net position of \$32,737 and a decrease in the business type activity net position of \$12,373.
- As of the close of the current fiscal year, the Town of Whitsett's governmental funds reported combined ending fund balances of \$635,554 with a net increase of \$21,954 in fund balance. Approximately 2.9% of this total amount, or \$18,505, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$617,049, or 408.84% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina 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 of Whitsett's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide statements are 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 and general administration. Property taxes and utility franchise/excise taxes finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water services offered by the Town of Whitsett.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Whitsett, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Whitsett 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Whitsett 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.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on page 20 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 Whitsett's Net Position

Figure 2

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current and other assets	\$ 640,733	\$ 624,308	\$ 643,839	\$ 87,868	\$ 82,658	\$ 101,264	\$ 728,601	\$ 706,966	\$ 745,103
Capital assets	166,254	156,034	120,678	596,995	614,212	612,917	763,249	770,246	733,595
Total assets	806,987	780,342	764,517	684,863	696,870	714,181	1,491,850	1,477,212	1,478,698
Deferred outflows of resources	-	-	-	-	-	-	-	-	-
Long-term liabilities outstanding	-	-	-	-	-	-	-	-	-
Other liabilities	2,772	7,458	7,260	2,781	2,415	10,124	5,553	9,873	17,384
Total liabilities	2,772	7,458	7,260	2,781	2,415	10,124	5,553	9,873	17,384
Deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net position:									
Net investment in capital assets	166,254	156,034	120,678	596,995	614,212	612,917	763,249	770,246	733,595
Restricted	18,505	15,904	41,232	-	-	-	18,505	15,904	41,232
Unrestricted	619,456	600,946	595,347	85,087	80,243	91,140	704,543	681,189	686,487
Total net position	\$ 804,215	\$ 772,884	\$ 757,257	\$ 682,082	\$ 694,455	\$ 704,057	\$ 1,486,297	\$ 1,467,339	\$ 1,461,314

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 Whitsett exceeded liabilities and deferred inflows by \$1,486,297 as of June 30, 2021. The Town's net position increased by \$20,364 for the fiscal year ended June 30, 2021. However, the largest portion (51.35%) reflects the Town's net investment in capital assets (e.g. land, buildings, furniture, and equipment). The Town of Whitsett uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Whitsett'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 capital assets cannot be used to liquidate these liabilities.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.06%. The statewide average in fiscal year 2021 was 98.96%.
- Water charges for services increased by \$1,543.

Town of Whitsett's Changes in Net Position

Figure 3

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Revenues:									
Program revenues:									
Charges for services	\$ -	\$ -	\$ -	\$ 22,967	\$ 22,058	\$ 20,727	\$ 22,967	\$ 22,058	\$ 20,727
Operating grants and contribution	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	25,000	-	-	-	-	-	25,000
General revenues:									
Property taxes	93,151	91,256	85,867	-	-	-	93,151	91,256	85,867
Sales and other taxes	33,253	28,433	26,983	-	-	-	33,253	28,433	26,983
Intergovernmental revenues	35,964	35,069	37,724	-	-	-	35,964	35,069	37,724
Investment Earnings	520	6,966	6,040	1,608	1,589	1,579	2,128	8,555	7,619
Permits and fees	6,565	770	6,320	-	-	-	6,565	770	6,320
Miscellaneous Income	2,935	5,097	15,248	-	-	-	2,935	5,097	15,248
Total revenues	172,388	167,591	203,182	24,575	23,647	22,306	196,963	191,238	225,488
Expenses:									
General government	81,530	90,083	99,000	-	-	-	81,530	90,083	99,000
Public safety	1,395	2,463	1,333	-	-	-	1,395	2,463	1,333
Environmental protection	52,492	55,554	46,778	-	-	-	52,492	55,554	46,778
Cultural and Recreation	4,234	3,864	2,097	-	-	-	4,234	3,864	2,097
Water activities	-	-	-	36,948	33,249	32,814	36,948	33,249	32,814
Total expenses	139,651	151,964	149,208	36,948	33,249	32,814	176,599	185,213	182,022
Increase in net position before transfers	32,737	15,627	53,974	(12,373)	(9,602)	(10,508)	20,364	6,025	43,466
Transfers	-	-	-	-	-	-	-	-	-
Increase in net position	32,737	15,627	53,974	(12,373)	(9,602)	(10,508)	20,364	6,025	43,466
Net position, beginning	772,884	757,257	703,283	694,455	704,057	714,565	1,467,339	1,461,314	1,417,848
Net position, beginning, restated	771,478	757,257	703,283	694,455	704,057	714,565	1,465,933	1,461,314	1,417,848
Net position, June 30	\$ 804,215	\$ 772,884	\$ 757,257	\$ 682,082	\$ 694,455	\$ 704,057	\$ 1,486,297	\$ 1,467,339	\$ 1,461,314

Note: 2020 net position has been restated to reflect prior period adjustments.

Governmental activities. Governmental activities increased the Town's net position before transfers by \$32,737, thereby accounting for 160.76% of the total growth in the net position of the Town of Whitsett. Key elements in this change in net position are as follows:

- Property taxes and local option sales taxes increased by \$1,895 and \$4,825, respectively, due to growth in the area.

Business-type activities. Business-type activities before transfers decreased the Town of Whitsett's net position by \$12,373, accounting for a negative 60.76% of the total growth in the government's net position. The key element of this decrease is depreciation on the Town's water fund capital assets.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Whitsett'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 Whitsett's financing requirements.

The general fund is the chief operating fund of the Town of Whitsett. At the end of the current fiscal year, the Town of Whitsett's fund balance available in the General Fund was \$617,049, while total fund balance was \$617,049. The Town currently has an available fund balance of 408.84% of general fund expenditures, and total fund balance represents 421.10% of the same amount.

Management's Discussion and Analysis
Town of Whitsett

General Fund Budgetary Highlights: 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. During the fiscal year, the Town revised the budget on one occasion.

Proprietary Funds. The Town of Whitsett's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$85,087. The total change in net position for the Water Fund was a decrease of \$12,373 before transfers.

Capital Asset and Debt Administration

Capital assets. The Town of Whitsett's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$763,249 (net of accumulated depreciation). These assets include buildings, land, furniture, infrastructure, and construction in progress.

Town of Whitsett's Capital Assets
Figure 4

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Land	40,947	40,947	40,947	-	-	-	40,947	40,947	40,947
Construction in Progress	-	-	-	60,399	60,399	41,887	60,399	60,399	41,887
Buildings	55,642	56,822	55,422	-	-	-	55,642	56,822	55,422
Furniture, fixtures & equipment	4,220	2,741	3,329	-	-	-	4,220	2,741	3,329
Cultural & recreation facilities	65,445	55,524	20,980	-	-	-	65,445	55,524	20,980
Plant & distribution systems	-	-	-	536,596	553,813	571,030	536,596	553,813	571,030
Total	\$ 166,254	\$ 156,034	\$ 120,678	\$ 596,995	\$ 614,212	\$ 612,917	\$ 763,249	\$ 770,246	\$ 733,595

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

Long-term Debt. As of June 30, 2021, the Town of Whitsett had no debt outstanding. The Town has a legal debt margin of \$4,919,819.

Economic Factors and Next Year's Budget Highlights

The Town of Whitsett has several events that have or will have impact on 2021-2022 year financials.

New construction in the town remains slow with the fairly large residential residence still planned for construction on highway 70. Keystone Homes development has not committed on a time frame for the conditional use residential (CU-RM12) zoned property on the eastern boundaries of Whitsett, but the project is expected to move quickly once it clears permitting stage.

In September 2021, the town received \$66,731.25 in ARPA funds, and NC State Representative Jon Hardister has stated there is another \$50,000 to be awarded.

The only major capital project planned to begin in 2021-2022 or early the next year, is an extension of the town public water system south on NC highway 61. This would provide public water to the Fire Department which maintains a staff 24 hours per day that relies on the town well. Funding for an extension is being pursued through a DEQ (formerly DENR) "infrastructure grant" referenced by Representative Hardister.

The town Parks and Recreation projects have been completed to at least a stopping point for now. Other planned improvements will be completed as funds become available.

Request for Information

This report is designed to provide an overview of the Town of Whitsett's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to:

Gary Deal
Interim Town Administrator
Town of Whitsett
Whitsett, NC

Basic Financial Statements

Town of Whitsett
Statement of Net Position
June 30, 2021

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 619,821	\$ 83,006	\$ 702,827
Taxes receivables (net)	1,878	-	1,878
Accrued interest receivable on taxes	499	-	499
Accounts receivable (net)	5,260	3,250	8,510
Interest receivable	30	9	39
Due from other governments	13,245	-	13,245
Restricted Cash and Cash Equivalents	-	1,603	1,603
Total current assets	640,733	87,868	728,601
Capital assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	40,947	60,399	101,346
Other capital assets, net of depreciation	125,307	536,596	661,903
Total capital assets	166,254	596,995	763,249
Total assets	806,987	684,863	1,491,850
Deferred Outflows of Resources	-	-	-
Liabilities			
Current liabilities:			
Accounts payable	2,772	1,178	3,950
Payable from restricted assets	-	1,603	1,603
Total current liabilities	2,772	2,781	5,553
Long-term liabilities:			
Due in more than one year	-	-	-
Total liabilities	2,772	2,781	5,553
Deferred Inflows of Resources	-	-	-
Net Position			
Net investments in capital assets	166,254	596,995	763,249
Restricted for:			
Other functions	-	-	-
Restricted for Stabilization by State Statute	18,505	-	18,505
Unrestricted	619,456	85,087	704,543
Total net position	\$ 804,215	\$ 682,082	\$ 1,486,297

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

Town of Whitsett
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 81,530	\$ -	\$ -	\$ -	(81,530)	\$ -	(81,530)
Public safety	1,395	-	-	-	(1,395)	-	(1,395)
Environmental protection	52,492	-	-	-	(52,492)	-	(52,492)
Cultural and recreation	4,234	-	-	-	(4,234)	-	(4,234)
Total governmental activities	139,651	-	-	-	(139,651)	-	(139,651)
Business-type activities:							
Water	36,948	22,967	-	-	-	(13,981)	(13,981)
Total business-type activities	36,948	22,967	-	-	-	(13,981)	(13,981)
Total primary government	\$ 176,599	\$ 22,967	\$ -	\$ -	(139,651)	(13,981)	(153,632)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					93,151	-	93,151
Other taxes					33,253	-	33,253
Intergovernmental revenues					35,964	-	35,964
Permits and fees					520	-	520
Unrestricted investment earnings					6,565	1,608	8,173
Miscellaneous					2,935	-	2,935
Total general revenues excluding transfers					172,388	1,608	173,996
Transfers					-	-	-
Total general revenues and transfers					172,388	1,608	173,996
Change in net position					32,737	(12,373)	20,364
Net position, beginning- as previously reported					772,884	694,455	1,467,339
Prior period restatement					(1,406)	-	(1,406)
Net position-beginning, as restated					771,478	694,455	1,465,933
Net position-ending					\$ 804,215	\$ 682,082	\$ 1,486,297

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

**Town of Whitsett
Balance Sheet
Governmental Funds
June 30, 2021**

Exhibit 3

	Major Fund - General	Non-Major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 619,821	\$ -	\$ 619,821
Restricted cash	-	-	-
Taxes receivable (net)	1,878	-	1,878
Accounts receivable (net)	5,260	-	5,260
Due from other governments	13,245	-	13,245
Prepaid items	-	-	-
Total assets	<u>\$ 640,204</u>	<u>\$ -</u>	<u>\$ 640,204</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,772	-	2,772
Payable from restricted assets	-	-	-
Total liabilities	<u>2,772</u>	<u>-</u>	<u>2,772</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	1,878	-	1,878
Prepaid taxes	-	-	-
Total deferred inflows of resources	<u>1,878</u>	<u>-</u>	<u>1,878</u>
FUND BALANCES			
Restricted			
Stabilization by State Statute	18,505	-	18,505
Assigned			
Subsequent year's expenditures	-	-	-
Unassigned	617,049	-	617,049
Total fund balances	<u>635,554</u>	<u>-</u>	<u>635,554</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 640,204</u>	<u>\$ -</u>	<u>\$ 640,204</u>

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Total Fund Balance, Governmental Funds	\$ 635,554
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 380,965
Accumulated depreciation	<u>(214,711)</u>
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Accrued interest receivable from taxes	499
Accrued interest receivable on deposits	<u>30</u>
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	<u>1,878</u>
Net position of governmental activities	<u>\$ 804,215</u>

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

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

Exhibit 4

	Major Fund - General	Non-Major Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 92,618	\$ -	\$ 92,618
Unrestricted intergovernmental	68,765	-	68,765
Restricted intergovernmental	453	-	453
Permits and fees	520	-	520
Investment earnings	6,536	-	6,536
Other revenues	3,989	-	3,989
Total revenues	172,881	-	172,881
Expenditures:			
General government	82,883	-	82,883
Public safety	1,395	-	1,395
Environmental protection	52,493	-	52,493
Cultural and recreation	14,156	-	14,156
Total expenditures	150,927	-	150,927
Revenues over (under) expenditures	21,954	-	21,954
Other financing sources (uses):			
Transfers to other funds	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	21,954	-	21,954
Fund balance, beginning	613,600	-	613,600
Fund balance, ending	\$ 635,554	\$ -	\$ 635,554

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

Net changes in fund balances - total governmental funds	\$ 21,954
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	\$ 20,969
Depreciation expense for governmental assets	(9,694)
Net loss on the disposal of capital assets	(1,055)
	10,220
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Amount of contributed capital	-
Changes in unavailable revenue for tax revenues	533
Increase/decrease in accrued interest	30
Total changes in net position of governmental activities	\$ 32,737

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

Town of Whitsett

Exhibit 5

General Fund

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

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 91,300	\$ 91,300	\$ 92,618	\$ 1,318
Unrestricted intergovernmental	59,300	59,300	68,765	9,465
Restricted intergovernmental	450	450	453	3
Permits and fees	200	200	520	320
Investment earnings	17,000	17,000	6,536	(10,464)
Other revenues	1,580	1,580	3,989	2,409
Total revenues	169,830	169,830	172,881	3,051
Expenditures:				
General government	95,430	96,030	82,883	13,147
Public safety	2,900	2,300	1,395	905
Environmental protection	59,000	59,000	52,493	6,507
Cultural and recreation	12,500	12,500	14,156	(1,656)
Contingency	-	-	-	-
Total expenditures	169,830	169,830	150,927	18,903
Revenues over (under) expenditures	-	-	21,954	21,954
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Appropriated fund balance	-	-	-	-
Net change in fund balance	\$ -	\$ -	21,954	\$ 21,954
Fund balances:				
Beginning of year - July 1			613,600	
End of year - June 30			\$ 635,554	

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

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

Exhibit 6

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 83,006
Restricted cash	1,603
Accounts receivable (net)	3,250
Accrued interest receivable	9
Total current assets	<u>87,868</u>
Noncurrent assets:	
Capital assets:	
Land and Construction in Progress	60,399
Other capital assets, net of depreciation	536,596
Capital assets (net)	<u>596,995</u>
Total noncurrent assets	<u>596,995</u>
Total assets	<u>684,863</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	1,178
Customer deposits	1,603
Total current liabilities	<u>2,781</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>2,781</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Net investment in capital assets	596,995
Unrestricted	85,087
Total net position	<u>\$ 682,082</u>

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

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

Exhibit 7

	<u>Water Fund</u>
OPERATING REVENUES	
Water charges	\$ 22,967
Taps and connection fees	-
Other operating income	-
Total operating revenues	<u>22,967</u>
OPERATING EXPENSES	
Administration	8,614
Finance	3,819
Water distribution and maintenance	7,297
Depreciation	17,217
Total operating expenses	<u>36,947</u>
Operating income (loss)	<u>(13,980)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest on investments	1,607
Total nonoperating revenue (expenses)	<u>1,607</u>
Income (loss) before transfers	(12,373)
Transfers in	<u>-</u>
Change in net position	(12,373)
Total net position - beginning	694,455
Total net position - ending	<u><u>\$ 682,082</u></u>

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

**Town of Whitsett
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended June 30, 2021**

Exhibit 8

	<u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 21,796
Cash paid for goods and services	(15,020)
Cash paid to or on behalf of employees for services	(4,653)
Net cash provided (used) by operating activities	<u>2,123</u>
Cash flows from noncapital financing activities	
Interfund borrowings	-
Net cash provided (used) by non capital financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Capital project disbursements	-
Net cash provided (used) by capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Investment earnings	<u>1,615</u>
Net cash provided (used) by investing activities	<u>1,615</u>
 Net increase (decrease) in cash and cash equivalents	 <u>3,738</u>
 Balances-beginning of the year	 <u>80,871</u>
Balances-end of the year	<u><u>\$ 84,609</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	<u>\$ (13,980)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	17,217
Provision for uncollectible accounts	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,481)
Increase (decrease) in accounts payable	57
Increase (decrease) in customer deposits	<u>310</u>
Total adjustments	<u>16,103</u>
Net cash provided (used) by operating activities	<u><u>\$ 2,123</u></u>

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

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

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Whitsett, North Carolina 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 Whitsett was incorporated on July 13, 1991. It is located in the eastern part of Guilford County, North Carolina.

The governing body of the Town is the Town Council which has five (5) members. The Town Council is elected on a nonpartisan basis with results determined on a plurality basis. The Mayor is chosen by the Town Council.

Generally accepted accounting principles require that these financial statements present the primary government (i.e. the Town) and any component units. Component units are defined as legally separate organizations for which the elected officials of the Town are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete.

The Town of Whitsett has no component units as defined above.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The 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.

Notes to the Financial Statements

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

The Town reports the following major governmental fund:

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

The Town has no non-major governmental funds.

The Town reports the following major enterprise fund:

Water Fund - This fund is used to account for the Town's water operations. A Water and Sewer Expansion Capital Project Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Expansion Capital Project Fund has been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Notes to the Financial Statements

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

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

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Whitsett because the tax is levied by Guilford County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, if and 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 and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances, if applicable, are adopted for General Fund Capital Project Funds and the Enterprise Fund Capital Project Funds. The enterprise fund projects are consolidated with the operating fund for reporting purposes. Project fund appropriations continue until the project is completed. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the Town Council. The budget ordinance must be adopted by July 1 of the fiscal year or the Town Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Notes to the Financial Statements

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). During the fiscal year ended June 30, 2021, the Town did not have any investments of this type.

Cash and Cash Equivalents

All cash consists of demand deposits and are considered cash and cash equivalents. For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Restricted Assets

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

Town of Whitsett Restricted Cash

Business-type activities:

Water Fund

Advance customer payments	\$ 163
Water Fund - customer deposits	<u>1,440</u>
Total business-type activities	<u>1,603</u>
Total Restricted Cash	<u>\$ 1,603</u>

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 1st (lien date), however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Notes to the Financial Statements

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.

Inventory and Prepaid Items

The Town's General Fund inventory consists of an immaterial amount of expendable supplies that are recorded as expenditures as purchased rather than when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

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 cost is currently \$200 for all types of assets. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25
Furniture & equipment	5-15
Recreation facilities	5-15
Water system	40

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 does not have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – prepaid taxes and property taxes receivable.

Notes to the Financial Statements

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. Any 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 any applicable bond premiums or discounts. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Compensated Absences

At June 30, 2021, the Town had three part-time employees. Accordingly, there are no obligations for vacation or sick pay.

Were there obligations for compensated absences, an expense and a liability for the compensated absences and the salary-related payments would be recorded as the leave is earned.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Notes to the Financial Statements

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

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

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

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

Inter-fund Transactions

Inter-fund transactions are either for services provided or advance/transfers. Services that are equivalent in value are reported as revenues and expenditures/expenses. Reimbursements for costs incurred by one fund are charged to the end-user or beneficiary fund. Advances/transfers between funds are made for specific purposes as needed and can be designated as temporary or permanent. Transfers within governmental activities and business-type activities are eliminated upon consolidation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to the Financial Statements

2. Detail Notes on All Funds

A. **Assets**

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 Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the

Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021 the Town's deposits had a carrying amount of \$704,351, and a bank balance of \$709,054. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The petty cash on hand at June 30, 2021 was \$79.

Receivables – Allowance for Doubtful Accounts

The receivable balances show in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

<u>General Fund</u>	
Taxes receivable	\$ 331
Accounts receivable	-
Total General Fund	<u>331</u>
<u>Enterprise Funds</u>	
Water Fund - accounts receivable	-
Total Enterprise Funds	<u>-</u>
Total	<u>\$ 331</u>

Notes to the Financial Statements

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 40,947	\$ -	\$ -	\$ 40,947
Total capital assets not being depreciated	40,947	-	-	40,947
Capital assets being depreciated:				
Buildings	205,858	3,500	116	209,242
Furniture, fixtures & equipment	17,701	3,394	2,535	18,560
Cultural & recreation facilities	120,046	14,074	21,905	112,215
Total capital assets being depreciated	343,605	20,968	24,556	340,017
Less accumulated depreciation for:				
Buildings	149,036	4,680	116	153,600
Furniture, fixtures & equipment	14,960	861	1,481	14,340
Cultural & recreation facilities	64,522	4,153	21,905	46,770
Total accumulated depreciation	228,518	\$ 9,694	\$ 23,502	214,710
Total capital assets being depreciated, net	115,087			125,307
Governmental activity capital assets, net	<u>\$ 156,034</u>			<u>\$ 166,254</u>

Depreciation expense was charged to functions/programs of governmental activities as follows:

General government	\$ 5,541
Cultural and recreation	4,153
Total depreciation expense	<u>\$ 9,694</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Construction in process	60,399	-	-	60,399
Total capital assets not being depreciated	60,399	-	-	60,399
Capital assets being depreciated:				
Plant & distribution systems	688,680	-	-	688,680
Total capital assets being depreciated	688,680	-	-	688,680
Less accumulated depreciation for:				
Plant & distribution systems	134,867	17,217	-	152,084
Total accumulated depreciation	134,867	\$ 17,217	\$ -	152,084
Total capital assets being depreciated, net	553,813			536,596
Business-type activity capital assets, net	<u>\$ 614,212</u>			<u>\$ 596,995</u>

Notes to the Financial Statements

B. Liabilities

1. Pension Plan and Postemployment Obligations

The Town provides no pension or other postemployment benefits.

2. Deferred Outflows and Inflows of Resources

There were no deferred outflows of resources at year end.

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes receivable, less penalties (General Fund)	-	1,878
Total	<u>\$ -</u>	<u>\$ 1,878</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools the Town obtains general liability and auto liability coverage up to \$1 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation.

The Town has adopted a flood damage prevention ordinance and flood prone areas within the jurisdiction of the Town have been identified. Flood insurance is available to the Town and its residents; however, the Town has determined that coverage is not needed at this present time.

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

4. Claims and Judgements

At June 30, 2021 there were no pending or threatened litigation, claims or assessments against the Town.

5. Long-Term Obligations

As of June 30, 2021, there were no long-term obligations.

The Town has a legal debt margin of \$4,919,819.

Notes to the Financial Statements

C. Interfund Balances and Activity

As of June 30, 2021, there were no interfund balances.

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. During the 2021 fiscal year there were no transfers between funds.

D. Net Investment in Capital Assets

	Governmental Activities	Business- type Activities
Capital assets, net of accumulated depreciation	\$ 166,254	\$ 596,995
Less: Long-term debt	-	-
Net investment in Capital Assets	<u>\$ 166,254</u>	<u>\$ 596,995</u>

E. 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	\$ 635,554
Less:	
Unspent grant proceeds	-
Stabilization by State Statute	(18,505)
Appropriated Fund Balance in 2021 budget	-
Working Capital/Fund Balance Policy	(617,049)
Remaining Fund Balance	<u>\$ -</u>

F. Significant Effects of Subsequent Events

In accordance with ASC 855, the Town evaluated subsequent events through January 26, 2022, the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosure in these financial statements.

G. Restatements

During the fiscal year ended June 30, 2021, the Town determined that certain expenditures that were subject to accrual in the General Fund as of June 30, 2020, had been omitted. Therefore, an adjustment to beginning net assets has been recorded to account for those accruals, the net effect of which decreased beginning fund balance by \$1,406.

Individual Fund Statements and Schedules

Town of Whitsett, North Carolina
General Fund

Schedule 1

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

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Revenues</u>				
Ad valorem taxes:				
Current year	\$ 91,300	\$ 90,427	\$ (873)	\$ 88,806
Prior years	-	1,775	1,775	1,458
Penalties and interest	-	416	416	416
Total	91,300	92,618	1,318	90,680
Unrestricted intergovernmental:				
Local option sales tax	25,000	32,800	7,800	27,975
Utility franchise tax/excise tax	29,500	30,608	1,108	30,352
Beer and wine tax	2,600	2,527	(73)	2,602
ABC distributions	2,200	2,830	630	2,115
Total	59,300	68,765	9,465	63,044
Restricted intergovernmental:				
Solid waste disposal tax	450	453	3	458
Permits and fees				
	200	520	320	770
Investment earnings				
	17,000	6,536	(10,464)	18,908
Other revenues:				
Contributions from the public-cash	720	-	(720)	720
Sales tax refunds	500	2,063	1,563	2,878
Rental income	360	420	60	410
Miscellaneous	-	1,506	1,506	1,867
Total	1,580	3,989	2,409	5,875
Total revenues	169,830	172,881	3,051	179,735
<u>Expenditures</u>				
<u>General Government</u>				
Governing body:				
Fees paid to elected officials	4,440	3,000	1,440	4,260
Contracted services- Board of Elections	-	500	(500)	413
Insurance and bonds	600	600	-	600
Miscellaneous	-	-	-	75
Total	5,040	4,100	940	5,348
Administration:				
Professional services - legal	4,000	104	3,896	2,340
Salaries and wages - Town Admin	15,600	14,750	850	15,600
Salaries and wages - Town Clerk	21,000	20,560	440	20,043
Salaries and wages - PT Assistant	4,200	1,092	3,108	2,119

General Fund

(continued)

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Administration (continued):				
Payroll taxes	3,265	3,048	217	3,694
Office supplies	500	291	209	499
Telephone	2,630	2,470	160	2,393
Postage	250	166	84	244
Maintenance and repairs-equipment	200	2,805	(2,605)	419
Legal advertising	300	239	61	271
Educational materials	50	-	50	-
NC unemployment insurance	500	-	500	-
Insurance and bonds	1,850	1,850	-	1,822
Dues and subscriptions	2,125	2,127	(2)	2,012
Miscellaneous	246	296	(50)	565
Equipment rental	1,650	1,459	191	1,474
Small equipment	500	-	500	259
Website design and maintenance	1,200	1,200	-	-
Capital outlay	-	2,103	(2,103)	-
Total	60,066	54,560	5,506	53,754
Finance:				
Professional services - audit	6,750	6,150	600	4,950
Professional services - accounting	1,200	223	977	210
Property tax billing	475	465	10	458
Insurance and bonds	409	409	-	409
Miscellaneous	-	7	(7)	-
Total	8,834	7,254	1,580	6,027
Planning and Zoning Board:				
Contracted services-planning	1,000	-	1,000	1,000
Total	1,000	-	1,000	1,000
Public buildings and works:				
Electricity	2,400	1,336	1,064	2,359
Fuel oil/gas	1,250	1,197	53	657
Security system maintenance	2,500	1,946	554	2,916
Janitorial/maintenance services	1,700	1,580	120	1,560
Repairs and maintenance - buildings and grounds	4,500	1,437	3,063	3,891
Repairs and maintenance - equipment	2,100	2,643	(543)	1,784
Insurance and bonds	2,040	2,039	1	2,085
Capital Outlay	4,600	4,791	(191)	27,652
Total	21,090	16,969	4,121	42,904
Total General Government	96,030	82,883	13,147	109,033

Town of Whitsett, North Carolina
General Fund

Schedule 1
(continued)

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
<u>Expenditures (continued):</u>				
Public Safety:				
Contracted services - fire code inspections	700	321	379	877
Animal control	1,600	1,074	526	1,586
Total Public Safety	2,300	1,395	905	2,463
Environmental protection-sanitation				
Trash pick-up	42,500	37,902	4,598	40,039
Recycling	16,500	14,591	1,909	15,514
Total Environmental protection	59,000	52,493	6,507	55,553
Cultural and Recreational:				
Ballfield	12,000	-	12,000	-
Repairs and maintenance	500	81	419	447
Capital Outlay	-	14,075	(14,075)	19,882
Total Cultural and Recreational	12,500	14,156	(1,656)	20,329
Contingency Reserve	-	-	-	-
Total Expenditures	169,830	150,927	18,903	187,378
Revenues Over (Under) Expenditures	-	21,954	21,954	(7,643)
Other financing sources (uses):				
Transfer to Water and Sewer Capital Project	-	-	-	-
Total Other financing sources (uses)	-	-	-	-
Appropriated Fund Balance	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>21,954</u>	<u>\$ 21,954</u>	<u>(7,643)</u>
Fund balance - beginning		<u>613,600</u>		<u>621,243</u>
Fund balance - ending		<u>\$ 635,554</u>		<u>\$ 613,600</u>

Water Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2021

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Water charges	\$ 21,000	\$ 22,967	\$ 1,967	\$ 21,424
Taps and connection fees	-	-	-	-
Other operating income	-	-	-	634
Total operating revenues	21,000	22,967	1,967	22,058
Nonoperating revenues:				
Interest on investments	-	1,616	1,616	2,098
Total nonoperating revenues	-	1,616	1,616	2,098
Total revenues	21,000	24,583	3,583	24,156
Expenditures:				
Administration:				
Salaries and wages	-	4,638	(4,638)	-
Payroll taxes	800	355	445	1,000
Consultation-attorney	300	-	300	-
Miscellaneous	-	2,937	(2,937)	-
Dues and subscriptions	165	684	(519)	160
Total	1,265	8,614	(7,349)	1,160
Finance:				
Salaries and wages	4,000	-	4,000	2,670
Salaries and wages- PT assistant	1,250	-	1,250	-
Audit	4,000	3,600	400	3,300
Miscellaneous	350	-	350	-
Postage	250	219	31	208
Bookkeeping and accounting	250	-	250	-
Bank service charges	-	-	-	7
Total	10,520	3,819	6,701	6,185

Town of Whitsett, North Carolina
Water Fund

Schedule 2
(continued)

Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

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

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures (continued):				
Water distribution and maintenance				
Water purchased for resale	\$ 3,000	\$ 2,333	\$ 667	\$ 2,840
Departmental supplies	200	-	200	-
Contracted system services	3,300	3,300	-	3,300
Water testing	1,415	1,094	321	1,294
Maintenance	650	-	650	(109)
Other operating expenditures	650	570	80	1,362
Total	<u>9,215</u>	<u>7,297</u>	<u>1,918</u>	<u>8,687</u>
Total Expenditures	<u>21,000</u>	<u>19,730</u>	<u>1,270</u>	<u>16,032</u>
Revenues over (under) expenditures	<u>-</u>	<u>4,853</u>	<u>4,853</u>	<u>8,124</u>
Other financing sources (uses):				
Appropriated Fund Balance		-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 4,853</u>	<u>\$ 4,853</u>	<u>\$ 8,124</u>
 Reconciliation of modified accrual basis to full accrual basis:				
Revenues and other sources over expenditures and other uses		\$ 4,853		\$ 8,124
Reconciling items:				
Depreciation		(17,217)		(17,217)
Capital outlay		-		-
Change in accrued interest receivable		(9)		(509)
Net transfers to (from) Capital Project Fund		<u>-</u>		<u>-</u>
Total reconciling items		<u>(17,226)</u>		<u>(17,726)</u>
Change in net position		<u>\$ (12,373)</u>		<u>\$ (9,602)</u>

Town of Whitsett, North Carolina
Water and Sewer Expansion Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Year Ended June 30, 2021

Schedule 3

	Project Authori- zation	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total To Date	
Revenues					
Federal Grant - USDA	\$ 600,000	\$ -	\$ -	\$ -	\$ (600,000)
Developer Contributions	60,000	-	-	-	(60,000)
Total revenues	<u>660,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(660,000)</u>
Expenditures					
Construction Costs	865,000	-	-	-	865,000
Engineering and Other Costs	415,000	60,400	-	60,400	354,600
Total expenditures	<u>1,280,000</u>	<u>60,400</u>	<u>-</u>	<u>60,400</u>	<u>1,219,600</u>
Revenues under expenditures	<u>(620,000)</u>	<u>(60,400)</u>	<u>-</u>	<u>(60,400)</u>	<u>(1,879,600)</u>
Other financing sources (uses):					
Transfers from Other Funds:					
Transfer from General Fund	20,000	20,000	-	20,000	-
Loan Proceeds	600,000	-	-	-	(600,000)
Total other sources	<u>620,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>(600,000)</u>
Revenues and other financing sources over (under) uses	<u>\$ -</u>	<u>\$ (40,400)</u>	<u>\$ -</u>	<u>\$ (40,400)</u>	<u>\$ (40,400)</u>

Other Schedules

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

Schedule 4

<u>Fiscal Year</u>	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 92,855	\$ 91,984	\$ 871
2019-2020	1,715	-	1,302	413
2018-2019	562	-	259	303
2017-2018	178	-	55	123
2016-2017	179	-	60	119
2015-2016	215	-	59	156
2014-2015	128	-	-	128
2013-2014	46	-	-	46
2012-2013	50	-	-	50
2011-2012	40	-	40	-
	<u>\$ 3,113</u>	<u>\$ 92,855</u>	<u>\$ 93,759</u>	2,209
Less: allowance for uncollectible accounts:				
General Fund				<u>331</u>
Ad valorem taxes receivable - net				<u>\$ 1,878</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 92,618
Penalties, interest & adjustments				1,181
Taxes written off				(40)
				<u></u>
Total collections and credits				<u>\$ 93,759</u>

Town of Whitsett, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
June 30, 2021

Schedule 5

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Real property	\$ 57,763,500	0.15	\$ 86,645	\$ 86,645	\$ -
Public Service Companies	2,306,662	0.15	3,460	3,460	-
Personal property	9,173,415	0.15	13,760	3,537	10,223
Subtotal	69,243,577		103,865	93,642	10,223
Less: Homestead Exemptions	(7,745,836)	0.15	(11,619)	(11,619)	-
Total	61,497,741		92,247	82,024	10,223
Discoveries:					
Current year taxes	-	0.15	-	-	-
Penalties			608	608	-
Total	-		608	608	-
Releases and Adjustments	-	0.15	-	-	-
Total property valuation	\$ 61,497,741				
Net levy			92,855	82,632	10,223
Uncollected taxes at June 30, 2021			(871)	(871)	-
Current year's taxes collected			\$ 91,984	\$ 81,761	\$ 10,223
Current levy collection percentage			99.06%	98.95%	100.00%