

**TOWN OF WARRENTON,  
NORTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

*As of and for the Year Ended June 30, 2023  
And Reports of Independent Auditor*

## **BOARD OF COMMISSIONERS**

**Walter M. Gardner, Jr. - Mayor**

**Mary Hunter -- Mayor Pro Tem**

**Aaron Ayscue**

**John Blalock**

**Margaret Britt**

**Michael Coffman**

**Al Fleming**

**Jason Young**

## **ADMINISTRATIVE AND FINANCIAL STAFF**

**Meredith Valentine - Finance Director**

**Robert Davie, Jr. - Town Administrator**

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104 Brady Court, Cary, North Carolina 27511  
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## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Warrenton, North Carolina

### **Report on the Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Warrenton, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Warrenton's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warrenton, North Carolina as of June 30, 2023, and the respective changes in financial position, and cash flows where applicable thereof and the respective budgetary comparison for the General Fund and Neighborhood Revitalization CDBG Grant Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Warrenton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Audit of 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 for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Warrenton's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards*, will always detect material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material, if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Warrenton's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Warrenton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Law Enforcement Officers' Special Separation Allowance's Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll on pages 50 through 51, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 48 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warrenton's basic financial statements. The combining and individual fund statements, budgetary schedules, other

schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the combining and individual fund financial statements, budgetary schedules, other schedules and 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2023 on our consideration of the Town of Warrenton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the effectiveness of Town of Warrenton's 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 Warrenton's internal control over financial reporting and compliance.

  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 17, 2023



# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

As management of the Town of Warrenton (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

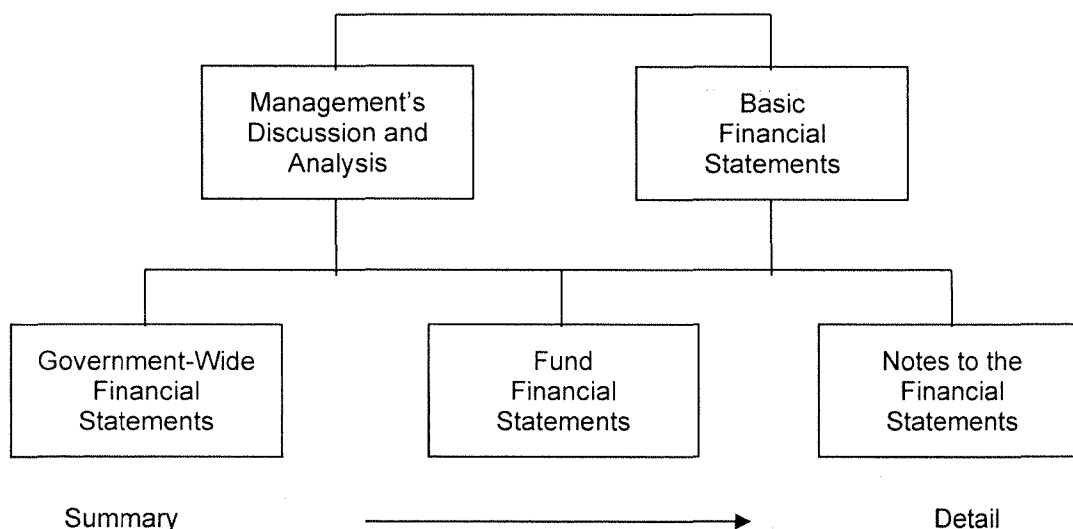
- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,706,275 (net position). (Exhibit 1)
- The government's total net position decreased by \$61,066 primarily due to decreases in water and sewer activities capital grants and contributions.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,054,957 with a net change of (\$102,611) in fund balance. Approximately 30.94% of this total amount, or \$326,384, is non-spendable or restricted.
- At the end of the current fiscal year, the total fund balance for the General fund was \$1,113,518 and the unassigned portion of that fund balance was \$794,231, or 71.33%, 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'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.

#### Required Components of Annual Financial Report

Figure 1



# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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### Basic Financial Statements

The first two statements (pages 11 and 12) 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 (Pages 13 through 20) 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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

### Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities and deferred outflows and inflows of resources. Measuring net assets 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 and wastewater services offered by the Town.

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, 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 Town's funds 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.

# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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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 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 of Commissioners (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 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 uses enterprise funds to account for its water and sewer and wastewater activity. The fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

**Independence 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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

### Government-Wide Financial Analysis Town of Warrenton's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Current and other assets	\$ 1,395,249	\$ 1,722,856	\$ 1,063,856	\$ 1,029,694	\$ 2,459,105	\$ 2,752,550
Capital and right to use assets	634,764	407,271	12,093,480	12,236,633	12,728,244	12,643,904
Deferred outflows of resources	347,389	258,663	217,916	156,158	565,305	414,821
Total assets and deferred outflows of resources	2,377,402	2,388,790	13,375,252	13,422,485	15,752,654	15,811,275
Long-term liabilities	630,363	291,796	3,837,800	3,718,050	4,468,163	4,009,846
Other liabilities	69,622	266,099	234,324	245,543	303,946	511,642
Deferred inflows of resources	273,192	432,656	946	89,658	274,138	522,314
Total liabilities and deferred inflows of resources	973,177	990,551	4,073,070	4,053,251	5,046,247	5,043,802
Net Assets:						
Invested in capital assets,						
net of related debt	448,647	323,387	8,516,418	8,618,936	8,965,065	8,942,323
Restricted	320,551	243,294	1,095	-	321,646	243,294
Unrestricted	635,027	831,558	784,669	750,298	1,419,696	1,581,856
Total Net Assets	\$ 1,404,225	\$ 1,398,239	\$ 9,302,182	\$ 9,369,234	\$ 10,706,407	\$ 10,767,473

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities and deferred inflows by \$10,706,407 as of June 30, 2023. The Town's net position decreased by \$61,066 for the fiscal year ended June 30, 2023. 83.74% of net position reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$321,646 (3.00%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,419,696 is unrestricted. One aspect of the Town's financial operations positively influenced the total unrestricted net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.05%.

# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 248,337	\$ 287,976	\$ 2,264,633	\$ 2,091,280	\$ 2,512,970	\$ 2,379,256
Operating grants and contributions	756,398	510,537	-	-	756,398	510,537
Capital grants and contributions	80,413	59,555	107,400	65,122	187,813	124,677
General Revenues:						
Property taxes	469,760	475,190	-	-	469,760	475,190
Other taxes	453,623	428,833	-	-	453,623	428,833
Other	50,415	19,738	20,434	(203)	70,849	19,535
<b>Total Revenues</b>	<b>2,058,946</b>	<b>1,781,829</b>	<b>2,392,467</b>	<b>2,156,199</b>	<b>4,451,413</b>	<b>3,938,028</b>
<b>Expenses:</b>						
General government	346,178	225,533	-	-	346,178	225,533
Public safety	710,387	616,802	-	-	710,387	616,802
Transportation	195,809	223,147	-	-	195,809	223,147
Environmental protection	202,183	140,605	-	-	202,183	140,605
Economic and physical development	517,671	467,633	-	-	517,671	467,633
Interest on long-term debt	1,469	1,982	-	-	1,469	1,982
Water and sewer	-	-	2,538,782	2,329,410	2,538,782	2,329,410
<b>Total Expenses</b>	<b>1,973,697</b>	<b>1,675,702</b>	<b>2,538,782</b>	<b>2,329,410</b>	<b>4,512,479</b>	<b>4,005,112</b>
<b>Transfers</b>	<b>(79,263)</b>	<b>(29,543)</b>	<b>79,263</b>	<b>29,543</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>5,986</b>	<b>76,584</b>	<b>(67,052)</b>	<b>(143,668)</b>	<b>(61,066)</b>	<b>(67,084)</b>
Net position, beginning, as originally stated	1,398,239	1,158,673	9,369,234	9,237,470	10,767,473	10,396,143
Prior period adjustments	-	162,982	-	275,432	-	438,414
Net position, beginning, as adjusted	1,398,239	1,321,655	9,369,234	9,512,902	10,767,473	10,834,557
<b>Net position, June 30</b>	<b>\$ 1,404,225</b>	<b>\$ 1,398,239</b>	<b>\$ 9,302,182</b>	<b>\$ 9,369,234</b>	<b>\$ 10,706,407</b>	<b>\$ 10,767,473</b>

**Governmental Activities** – Governmental activities increased the Town's net position by \$5,986, thereby accounting for 9.8% of the total change in the net position of the Town.

**Business-Type Activities** – Business-type activities decreased the Town's net position by \$67,052, thereby accounting for -109.8% of the total change in the net position of the Town.

### Financial Analysis of the Town's Funds

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

# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

**Governmental Funds** – The focus of the Town'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'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. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$794,231, while total fund balance decreased to \$1,113,518. The Governing Body of the Town has determined that the Town should maintain an available fund balance of 58.85% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance 64.45% of the total General Fund expenditures, while total fund balance represents 90.36% of the same amount.

**General Fund Budgetary Highlights** – During the fiscal year, the Town made budget revisions. 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 Funds** – The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Wastewater Treatment Fund at the end of the fiscal year amounted to a deficit of \$14,589, and those for the Water and Sewer Fund amounted to \$770,080. The total change in net position for both funds was \$136,291 and \$(203,343), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

### Capital Asset and Debt Administration

**Capital Assets** – The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$12,728,244 (net of accumulated depreciation and amortization). These assets include buildings, land, machinery and equipment, vehicles, and intangibles.

### Town of Warrenton's Capital Assets

(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Land	\$ 29,500	\$ 29,500	\$ 5,250	\$ 5,250	\$ 34,750	\$ 34,750
Buildings and system	930	1,216	100,896	105,292	101,826	106,508
Improvements	137,756	123,627	9,950,907	7,993,344	10,088,663	8,116,971
Water and sewer lines	-	-	1,552,711	1,766,522	1,552,711	1,766,522
Machinery and equipment	155,333	170,837	32,371	40,612	187,704	211,449
Vehicles and motorized equipment	133,955	37,309	250,145	5,202	384,100	42,511
Intangible assets	-	-	201,200	226,350	201,200	226,350
Construction in progress	79,967	15,700	-	2,094,061	79,967	2,109,761
Leased buildings	97,323	29,082	-	-	97,323	29,082
Total	\$ 634,764	\$ 407,271	\$ 12,093,480	\$ 12,236,633	\$ 12,728,244	\$ 12,643,904

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements.

# TOWN OF WARRENTON, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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**Long-Term Debt** – As of June 30, 2023, the Town had total debt outstanding of \$3,763,179. Of this, \$3,763,179 is debt backed by the full faith and credit of the Town.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the assessed value of taxable property located within that government's boundaries. The legal debt margin of the Town is \$5,683,657.

Additional information regarding the Town's long-term debt can be found in the Notes to the Financial Statements.

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

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

Unemployment: The state's seasonally adjusted June unemployment rate was 3.3%, Warren County was 5.4%.

### **Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities** – Revenues and expenditures are expected to remain comparable with 2022-2023 revenues and expenditures. Property taxes will remain unchanged.

**Business-Type Activities** – Revenues and expenditures are expected to remain comparable with 2022-2023 revenues and expenditures.

### **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 Meredith Valentine, Financial Director, Town of Warrenton, PO Box 281, Warrenton, North Carolina, 27589.

**TOWN OF WARRENTON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**Exhibit 1**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 914,921	\$ 560,811	\$ 1,475,732
Restricted cash	33,248	100,467	133,715
Taxes receivables (net)	21,678	-	21,678
Accounts receivable (net) - trade	18,923	197,284	216,207
Prepaid expenses	5,833	573	6,406
Due from other governments	193,064	90,376	283,440
Lease receivable	25,329	-	25,329
Inventories	-	114,345	114,345
Total current assets	1,212,996	1,063,856	2,276,852
Noncurrent Assets:			
Leases receivable, non-current	182,253	-	182,253
Capital Assets:			
Land, non-depreciable improvements, and construction in progress	109,467	5,250	114,717
Other capital assets, net of depreciation	427,974	12,088,230	12,516,204
Right to use leased assets, net of amortization	97,323	-	97,323
Total capital assets	634,764	12,093,480	12,728,244
Total noncurrent assets	817,017	12,093,480	12,910,497
Total assets	2,030,013	13,157,336	15,187,349
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	347,389	217,916	565,305
Total deferred outflows of resources	347,389	217,916	565,305
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	44,494	115,880	160,374
Accrued payroll	25,128	19,072	44,200
Deposits held	-	99,372	99,372
Current portion of long-term liabilities	74,860	148,555	223,415
Long-Term Liabilities:			
Net pension liability - LGERS	335,778	223,852	559,630
Total pension liability - LEOSSA	63,067	-	63,067
Due in more than one year	156,658	3,465,393	3,622,051
Total liabilities	699,985	4,072,124	4,772,109
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	198,429	-	198,429
Grants	50,563	-	50,563
Pension deferrals	24,200	946	25,146
Total deferred inflows of resources	273,192	946	274,138
<b>NET POSITION</b>			
Net investment in capital assets	448,647	8,516,418	8,965,065
Restricted for:			
Streets	25,176	-	25,176
Stabilization by State Statute	268,966	-	268,966
Economic and physical development	18,337	-	18,337
Restricted pursuant to loan requirements	8,072	1,095	9,167
Unrestricted	635,027	784,669	1,419,696
Total net position	\$ 1,404,225	\$ 9,302,182	\$ 10,706,407

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



TOWN OF WARRENTON, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		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	\$ 346,178	\$ 34,485	\$ 133,479	\$ -	\$ (178,214)	\$ -	\$ (178,214)
Public safety	710,387	-	19,936	51,400	(639,051)	-	(639,051)
Streets	195,809	-	-	29,013	(166,796)	-	(166,796)
Environmental protection	202,183	185,342	146,093	-	129,252	-	129,252
Economic and physical development	517,671	28,510	456,890	-	(32,271)	-	(32,271)
Interest on long-term debt	1,469	-	-	-	(1,469)	-	(1,469)
Total governmental activities	1,973,697	248,337	756,398	80,413	(888,549)	-	(888,549)
Business-Type Activities:							
Wastewater treatment	744,979	837,585	-	-	-	92,606	92,606
Water and sewer	1,793,803	1,427,048	-	107,400	-	(259,355)	(259,355)
Total business-type activities	2,538,782	2,264,633	-	107,400	-	(166,749)	(166,749)
Total primary government	\$ 4,512,479	\$ 2,512,970	\$ 756,398	\$ 187,813	(888,549)	(166,749)	(1,055,298)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					469,760	-	469,760
Other taxes					453,623	-	453,623
Unrestricted investment earnings					27,445	9,789	37,234
Miscellaneous					22,970	1,784	24,754
Gain (loss) on sale of fixed assets					-	8,861	8,861
Total general revenues					973,798	20,434	994,232
Transfers					(79,263)	79,263	-
Total general revenues and transfers					894,535	99,697	994,232
Change in net position					5,986	(67,052)	(61,066)
Net position, beginning					1,398,239	9,369,234	10,767,473
Net position, ending					\$ 1,404,225	\$ 9,302,182	\$ 10,706,407

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

TOWN OF WARRENTON, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

Exhibit 3

	Major Funds			
	General	Neighborhood Revitalization CDBG Grant	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 846,021	\$ -	\$ 68,900	\$ 914,921
Restricted cash	33,248	-	-	33,248
Receivables, net:				
Taxes	21,678	-	-	21,678
Accounts - trade	16,143	-	2,780	18,923
Prepaid expenses	5,833	-	-	5,833
Due from other funds	78,968	-	-	78,968
Due from other governments	163,455	22,991	6,618	193,064
Lease receivable	207,582	-	-	207,582
Total assets	<u>1,372,928</u>	<u>22,991</u>	<u>78,298</u>	<u>1,474,217</u>
<b>LIABILITIES</b>				
Accounts payable - trade	\$ 15,422	\$ 22,191	\$ 6,881	\$ 44,494
Accrued payroll	25,128	-	-	25,128
Due to other funds	-	800	78,168	78,968
Total liabilities	<u>40,550</u>	<u>22,991</u>	<u>85,049</u>	<u>148,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	21,678	-	-	21,678
Grants	-	-	50,563	50,563
Leases	197,182	-	1,247	198,429
Total deferred inflows of resources	<u>218,860</u>	<u>-</u>	<u>51,810</u>	<u>270,670</u>
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable:				
Prepays	5,833	-	-	5,833
Restricted:				
Stabilization by State Statute	268,966	-	-	268,966
USDA	8,072	-	-	8,072
Streets	25,176	-	-	25,176
Economic and physical development	-	-	18,337	18,337
Assigned:				
Subsequent year's expenditures	11,240	-	-	11,240
Unassigned	794,231	-	(76,898)	717,333
Total fund balances	<u>1,113,518</u>	<u>-</u>	<u>(58,561)</u>	<u>1,054,957</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,372,928</u>	<u>\$ 22,991</u>	<u>\$ 78,298</u>	<u>\$ 1,474,217</u>

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

TOWN OF WARRENTON, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

Exhibit 3

Fund balances-total governmental funds \$ 1,054,957

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 1,105,702	
Less accumulated depreciation	<u>(568,261)</u>	537,441

Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Right to use assets at historical cost	103,048	
Accumulated amortization	<u>(5,725)</u>	97,323

Deferred outflows of resources related to pensions are not reported in the funds 347,389

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Government bonds and notes payable	(88,798)	
Lease liability	(97,319)	
Compensated absences	(45,401)	
Net pension liability (LGERS)	(335,778)	
Total pension liability (LEO)	<u>(63,067)</u>	(630,363)

Earned revenues considered deferred inflows of resources in fund statements 21,678

Deferred inflows of resources related to pensions are not reported in the funds (24,200)

Net position of governmental activities \$ 1,404,225

**TOWN OF WARRENTON, NORTH CAROLINA**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**
**Exhibit 4**

	<b>Major Funds</b>			
	<b>General</b>	<b>Neighborhood Revitalization CDBG Grant</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
Revenues:				
Ad valorem taxes	\$ 469,406	\$ -	\$ -	\$ 469,406
Unrestricted intergovernmental	453,623	-	-	453,623
Restricted intergovernmental	29,013	457,602	350,196	836,811
Permits and fees	5,273	-	-	5,273
Sales and services	214,554	-	-	214,554
Investment earnings	27,445	-	-	27,445
Miscellaneous	22,665	-	28,815	51,480
Total revenues	<u>1,221,979</u>	<u>457,602</u>	<u>379,011</u>	<u>2,058,592</u>
Expenditures:				
General government	230,698	-	85,278	315,976
Public safety	661,247	-	19,936	681,183
Streets	194,416	-	-	194,416
Economic and physical development	-	457,602	60,505	518,107
Environmental protection	110,837	-	90,295	201,132
Debt service:				
Principal	21,404	-	-	21,404
Interest and other charges	1,469	-	-	1,469
Capital outlay	12,241	-	362,486	374,727
Total expenditures	<u>1,232,312</u>	<u>457,602</u>	<u>618,500</u>	<u>2,308,414</u>
Deficiency of revenues over expenditures	<u>(10,333)</u>	<u>-</u>	<u>(239,489)</u>	<u>(249,822)</u>
Other financing sources (uses):				
USDA loan	-	-	55,400	55,400
Transfers from other funds	4,911	-	33,470	38,381
Transfers to other funds	(28,099)	-	(21,519)	(49,618)
Lease liabilities issued	-	-	103,048	103,048
Total other financing sources (uses)	<u>(23,188)</u>	<u>-</u>	<u>170,399</u>	<u>147,211</u>
Net change in fund balance	(33,521)	-	(69,090)	(102,611)
Fund balances, beginning	<u>1,147,039</u>	<u>-</u>	<u>10,529</u>	<u>1,157,568</u>
Fund balances, ending	<u>\$ 1,113,518</u>	<u>\$ -</u>	<u>\$ (58,561)</u>	<u>\$ 1,054,957</u>

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

**TOWN OF WARRENTON, NORTH CAROLINA****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023****Exhibit 5**

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

Net changes in fund balances - total governmental funds		\$ (102,611)
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	271,679	
Depreciation expense for governmental assets	<u>(44,401)</u>	227,278
Right to use leased asset capital outlay expenditures which were capitalized		
Leases payable	103,048	
Interest on leases payable	<u>(97,319)</u>	
	<u>(5,293)</u>	436
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		354
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trades, and transfers) is a decrease to net position		
		(68,026)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		112,329
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.		
New long-term debt issued	(55,400)	
Principal payments on long-term debt	<u>21,404</u>	(33,996)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense	(133,345)	
Compensated absences	<u>3,567</u>	(129,778)
Total changes in net position of governmental activities		<u>\$ 5,986</u>

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

## TOWN OF WARRENTON, NORTH CAROLINA

Exhibit 6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2023

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 485,300	\$ 485,300	\$ 469,406	\$ (15,894)
Unrestricted intergovernmental	464,800	464,800	453,623	(11,177)
Restricted intergovernmental	24,888	24,888	29,013	4,125
Permits and fees	3,700	3,700	5,273	1,573
Sales and services	247,428	247,428	214,554	(32,874)
Investment earnings	100	100	27,445	27,345
Miscellaneous	12,890	14,341	22,665	8,324
Total revenues	<u>1,239,106</u>	<u>1,240,557</u>	<u>1,221,979</u>	<u>(18,578)</u>
Expenditures:				
General government	252,523	323,104	242,939	80,165
Public safety	658,188	691,510	661,247	30,263
Streets	219,318	220,534	194,416	26,118
Environmental protection	114,036	112,649	110,837	1,812
Debt service:				
Principal retirement	25,617	21,335	21,404	(69)
Interest and other charges	4,540	1,766	1,469	297
Total expenditures	<u>1,274,222</u>	<u>1,370,898</u>	<u>1,232,312</u>	<u>138,586</u>
Revenues over expenditures	<u>(35,116)</u>	<u>(130,341)</u>	<u>(10,333)</u>	<u>120,008</u>
Other financing sources (uses):				
Transfers from other funds	24,825	29,736	4,911	(24,825)
Transfers to other funds	-	(28,099)	(28,099)	-
Appropriated fund balance	10,291	128,704	-	(128,704)
Total other financing sources (uses)	<u>35,116</u>	<u>130,341</u>	<u>(23,188)</u>	<u>(153,529)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(33,521)</u>	<u>\$ (33,521)</u>
Fund balances, beginning			1,147,039	
Fund balances, ending			<u>\$ 1,113,518</u>	

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

**TOWN OF WARRENTON, NORTH CAROLINA**  
**STATEMENT OF NET POSITION-**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

**Exhibit 7**

	<b>Wastewater Treatment Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 27,584	\$ 533,227	\$ 560,811
Restricted cash	-	100,467	100,467
Accounts receivable, net	-	197,284	197,284
Prepaid expenses	573	-	573
Due from other governments	90,376	-	90,376
Inventories	-	114,345	114,345
Total current assets	<u>118,533</u>	<u>945,323</u>	<u>1,063,856</u>
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	5,250	5,250
Other capital assets, net of depreciation	2,194,181	9,894,049	12,088,230
Capital assets (net)	<u>2,194,181</u>	<u>9,899,299</u>	<u>12,093,480</u>
Total noncurrent assets	<u>2,194,181</u>	<u>9,899,299</u>	<u>12,093,480</u>
Total assets	<u>2,312,714</u>	<u>10,844,622</u>	<u>13,157,336</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	108,958	108,958	217,916
Total deferred outflows of resources	<u>108,958</u>	<u>108,958</u>	<u>217,916</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	66,729	49,151	115,880
Accrued payroll	8,904	10,168	19,072
Customer deposits	-	99,372	99,372
Compensated absences - current	12,342	7,372	19,714
Installment purchases - current	23,606	105,235	128,841
Total current liabilities	<u>111,581</u>	<u>271,298</u>	<u>382,879</u>
Noncurrent Liabilities:			
Compensated absences - noncurrent	12,528	4,644	17,172
Net pension liability	111,926	111,926	223,852
Installment purchases - noncurrent	401,313	3,046,908	3,448,221
Total noncurrent liabilities	<u>525,767</u>	<u>3,163,478</u>	<u>3,689,245</u>
Total liabilities	<u>637,348</u>	<u>3,434,776</u>	<u>4,072,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	473	473	946
Total deferred inflows of resources	<u>473</u>	<u>473</u>	<u>946</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,769,262	6,747,156	8,516,418
Restricted pursuant to loan requirements	-	1,095	1,095
Unrestricted	14,589	770,080	784,669
Total net position	<u>\$ 1,783,851</u>	<u>\$ 7,518,331</u>	<u>\$ 9,302,182</u>

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

**TOWN OF WARRENTON, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION-**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

**Exhibit 8**

	<b>Wastewater Treatment Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
Operating Revenues:			
Charges for services	\$ 837,585	\$ 1,427,048	\$ 2,264,633
Other operating revenues	356	1,428	1,784
Total operating revenues	<u>837,941</u>	<u>1,428,476</u>	<u>2,266,417</u>
Operating Expenses:			
Administration	317,555	389,315	706,870
Water and sewer operations	-	894,601	894,601
Water collection and treatment	423,915	-	423,915
Depreciation	3,509	482,612	486,121
Total operating expenses	<u>744,979</u>	<u>1,766,528</u>	<u>2,511,507</u>
Operating income (loss)	<u>92,962</u>	<u>(338,052)</u>	<u>(245,090)</u>
Nonoperating Revenues (Expenses):			
Investment earnings	3	9,786	9,789
Interest and other charges	-	(27,275)	(27,275)
Total nonoperating revenue (expenses)	<u>3</u>	<u>(17,489)</u>	<u>(17,486)</u>
Income (loss) before contributions and transfers	<u>92,965</u>	<u>(355,541)</u>	<u>(262,576)</u>
Capital contributions	-	107,400	107,400
Sale of capital assets	-	8,861	8,861
Transfers to other funds	-	(50,074)	(50,074)
Transfers from other funds	<u>43,326</u>	<u>86,011</u>	<u>129,337</u>
Change in net position	<u>136,291</u>	<u>(203,343)</u>	<u>(67,052)</u>
Total net position, beginning	<u>1,647,560</u>	<u>7,721,674</u>	<u>9,369,234</u>
Total net position, ending	<u>\$ 1,783,851</u>	<u>\$ 7,518,331</u>	<u>\$ 9,302,182</u>

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



**TOWN OF WARRENTON, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS-**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

**Exhibit 9**

	<b>Wastewater Treatment Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 813,963	\$ 1,419,690	\$ 2,233,653
Cash paid for goods and services	(460,274)	(939,305)	(1,399,579)
Cash paid to or on behalf of employees for services	(289,912)	(352,354)	(642,266)
Net customer deposits	-	2,615	2,615
Net cash from operating activities	63,777	130,646	194,423
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers (to) from other funds	43,326	(32,225)	11,101
Net cash provided (used) by non-capital financing activities	43,326	(32,225)	11,101
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(79,505)	-	(79,505)
Note payable proceeds	-	-	-
Sale of capital assets	-	8,861	8,861
Principal paid on notes payable	(23,607)	(104,929)	(128,536)
Interest paid on notes payable	-	(27,275)	(27,275)
Net cash used by capital and related financing activities	(103,112)	(123,343)	(226,455)
<b>Cash Flows from Investing Activities:</b>			
Interest and dividends	3	9,786	9,789
Net increase (decrease) in cash and cash equivalents	3,994	(15,136)	(11,142)
Balances, beginning	23,590	648,830	672,420
Balances, ending	27,584	633,694	661,278
Reconciliation of operating income to net cash from by operating activities:			
Operating income (loss)	92,962	(338,052)	(245,090)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,509	482,612	486,121
Changes in assets and liabilities:			
Increase in accounts receivable	(23,978)	(8,786)	(32,764)
Increase in inventory	-	(12,540)	(12,540)
Increase in deferred outflows of resources - pensions	(30,879)	(30,879)	(61,758)
Increase in net pension liability	80,549	80,549	161,098
Decrease in deferred inflows of resources - pensions	(44,356)	(44,356)	(88,712)
Decrease in accounts payable	(13,114)	(1,756)	(14,870)
Increase in accrued payroll	1,023	13	1,036
Increase in customer deposits	-	2,615	2,615
Increase (decrease) in compensated absences	(1,939)	1,226	(713)
Total adjustments	(29,185)	468,698	439,513
Net cash from operating activities	\$ 63,777	\$ 130,646	\$ 194,423

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

**TOWN OF WARRENTON, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Warrenton (the "Town") and its discretely presented component units 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, a political subdivision of Warren County (the "County"), is located in the northeastern Piedmont region of the State and has a population of 855. The Town is a municipal corporation, which is governed by an elected mayor and a seven-member council. The Town provides services, which include general government, public safety, streets, sanitation, public improvements, planning, and zoning. The Town also operates a water and sewer system, which supplies service to the Town and surrounding area on a user charge basis. In addition to the taxes levied by the Town, the County also levies a tax of \$0.65 per \$100 property valuation with which it finances County-wide services including assistance to the County's public school unit, community college, and health and social services. These financial statements include only the Town, as there were no component units required to be included.

**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. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds, including the fiduciary funds and blended component units. 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, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**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 intergovernmental revenues. The primary expenditures are for public safety, general government administration, street maintenance and construction, and sanitation services.

**Neighborhood Revitalization CDBG Grant Fund** - This fund is a special revenue fund, used to account for grant funds to be used for improvements to local residences.

The Town reports the following non-major governmental funds:

**Milano's Downtown Fund** - This fund is a special revenue fund, used to account for a specific grant received and expended for the purpose of renovating a building in downtown Warrenton.

**NC VW Settlement Fund** - This fund is a special revenue fund used to account for grant funds to purchase replacement vehicles for the Sanitation department.

**Revolving Loan Fund** - This fund is a special revenue fund used to account for funds available to promote business development in the Town.

**Frontier Warren Fund** - This fund is a special revenue fund used to account for funds relating to the use and maintenance of the Frontier Warren building.

**American Rescue Plan Grant Fund** - This fund is a special revenue fund used to account for American Rescue Plan Coronavirus State and Local Fiscal Recovery funds (ARP Funds) received and expended by the Town and transfers made to other funds for eligible expenditures.

**EPA Brownfield Assessment Grant Fund** - This fund is a special revenue fund used to account for grant funds to be used for a study of possible environmental hazards on local properties.

**USDA Community Facilities 2 PD Vehicles Fund** - This fund is a special revenue fund used to account for grant and loan funds to be used for the purchase of two Police vehicles.

**2022 PD Grant Fund** - This fund is a special revenue fund used to account for grant funds used for purchases of police equipment and supplies.

**Parking Lot Capital Project Fund.** This fund is a capital project fund used to account for the financial resources used in the acquisition or construction of new municipal parking lot.

The Town reports the following major Enterprise Funds:

**Water and Sewer Fund.** This fund is used to account for the Town's water and sewer operations. For financial reporting purposes the USDA Community Facilities Water and Sewer Trucks Fund has been consolidated into the Water and Sewer Fund. The budgetary comparison for the Water and Sewer Funds and the USDA Community Facilities Water and Sewer Trucks Fund have been included in the supplemental information.

**Wastewater Treatment Plant Fund.** This fund is used to account for the operations of the Town's wastewater treatment plant. For financial reporting purposes the WWTP Grant has been consolidated into the Wastewater Treatment Plant Fund. The budgetary comparison for the Wastewater Treatment Plant Fund and the WWTP Grant have been included in the supplemental information.

The Town operates the regional wastewater treatment plant under an agreement with Warren County. The operating costs are shared with the Town of Norlina and Warren County.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

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

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements*

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

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

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

*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. Issuance 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 law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Warrenton because the tax is levied by Warren County and remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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 Revolving Loan Fund, Frontier Warren Fund, and the Enterprise Funds. All appropriations lapse at year-end. Project ordinances are adopted for the Milano's Downtown Fund, Neighborhood Revitalization CDBG Grant Fund, NC VW Settlement Grant Fund, SR American Rescue Plan Grant Fund, EPA Brownfield Assessment Grant Fund, USDA Community Facilities 3 PW Trucks Fund, USDA Community Facilities 2 PD Vehicles Fund, 2022 PD Radio Grant Fund, Parking Lot Capital Project Fund and the WWTP Grant. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. 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 project level for the multi-year funds. The Board has to approve all budget amendments. The Town Administrator can only approve line item transfers within the departments. The Board must adopt the budget ordinance by July 1 of the fiscal year or the 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 secure as required by State law [G.S. 159-31]. The Town and its component units 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 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 non-guaranteed Federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

In accordance with state law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. They are reported at fair value as determined by quoted market prices.

**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.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected and are classified as restricted cash in the enterprise funds. Powell Bill funds are also classified as restricted cash within the General Fund because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1.

Town of Warrenton Restricted Cash	
<b>Governmental Activities:</b>	
General Fund	
Streets	\$ 25,176
USDA	8,072
Total governmental funds	<u>33,248</u>
<b>Business-Type Activities:</b>	
Water and Sewer Fund	
Customer deposits	99,372
USDA	1,095
Total business-type activities	<u>100,467</u>
Total restricted cash	<u>\$ 133,715</u>

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2022.

4. Allowances for Doubtful Accounts

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

5. Lease Receivable

The Town's lease receivable is measured at present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. Inventory in the Town's enterprise fund consists of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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 are expensed as the items are used.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, equipment, vehicles, substations, lines, and other plant and distribution systems, \$5,000; and infrastructure, \$50,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or historical cost.

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

Asset Type	Years
Buildings	40
Improvements	15
Vehicles	5
Furniture and equipment	7-10
Computer equipment	3
Infrastructure	50

8. Right to use assets

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals. In addition to liabilities, the Statement of Net 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 assets that applies to future periods and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable, leases, grants and deferrals of pension expense.

10. 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 are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

11. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Reimbursements for Pandemic-related Expenditures

In fiscal year ending June 30, 2021 the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenues for the eligible state, local, territorial and tribal governments. The Town was allocated \$265,475 of fiscal recovery funds to be paid in two equal installments. The first installment of \$132,738 was received in August of 2021. The second installment was received in August 2022. For the fiscal year ending June 30, 2023, Town staff and the Town Council have elected to use \$71,989 of the ARPA funds for Water and Sewer repairs, \$26,682 for stormwater improvements on Battle Ave, \$10,029 for solar powered speed detectors and \$21,519 as revenue replacement. The Town plans on using the rest of the funds for revenue replacement in Fiscal Year 2024. Of the \$21,519, \$10,815 was transferred to the General Fund and \$10,704 was transferred to the Utility Fund from the ARP fund. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined.

13. Net Position/Fund Balances

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, laws or regulations of other governments, or imposed by law through state statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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



TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by 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 USDA - portion of fund balance that is restricted for debt service.

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 unexpected Powell Bill funds.

Restricted for Economic and Physical Development – portion of fund balance that is restricted by revenue source for certain expenditures as allowed by the grantor and that is restricted for specific uses as imposed by the donor.

**Committed Fund Balance** – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Assigned Fund Balance** – Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance by adoption of a budget amendment or ordinance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

Management recommends that General Fund balance be a minimum of 25 percent of General Fund expenditures.

15. Defined Benefit Cost-Sharing Plans

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

16. Stewardship, Compliance and Accountability

Noncompliance with North Carolina General Statutes

All units of government in North Carolina are required by G.S. 159-34 to receive and submit an annual audit report to the Local Government Commission. These reports are due by statute no later than four months after the close of the unit's fiscal year, October 31<sup>st</sup> of each year and there is a grace period till December 1<sup>st</sup>. The Town's fiscal year 2022 financial statement was not submitted by December 1, 2022.

Deficit in Fund Balance of Individual Funds

The nonmajor Parking Lot Fund is reporting a deficit fund balance of \$42,726 due to expenditures made before transfers from the Town's General Fund were made. Transfers are expected to be received in Fiscal Year 2024, at which time the fund will no longer operate at a deficit.

Donations and rents were less than expected for Frontier Warren, causing a deficit fund balance of \$34,172. The plan is to increase rental income in Fiscal Year 2024 to offset this deficit fund balance.

II. DETAIL NOTES ON ALL FUNDS:

A. Assets

1. Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the Town's agents 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 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 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

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

II. DETAIL NOTES ON ALL FUNDS (continued):

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, 2023, the Town's deposits had a carrying amount of \$800,924 and a bank balance of \$824,881. 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, 2023, the Town's cash on hand totaled \$100.

2. Investments

Investment balances as of June 30, 2023, were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2023</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust- Government Portfolio	Fair Value Level 1	\$ 808,423	N/A	AAAm

*Interest Rate Risk*

The Town does not have a formal investment policy but adheres to all North Carolina requirements of General Statute 159-30.

*Credit Risk*

The Town has no formal policy regarding credit risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The Town's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2023.

3. Receivables – Allowances for Doubtful Accounts

Receivables shown in Exhibit 1 as of June 30, 2023, reflect the uncollected portion of property tax levies reduced for a portion not expected to be collected and are summarized as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 23,013	\$ 21,678	\$ 163,455	\$ 208,146
Other governmental	2,780	-	29,609	32,389
Allowance for doubtful accounts	(6,870)	-	-	(6,870)
Total governmental activities	\$ <u>18,923</u>	\$ <u>21,678</u>	\$ <u>193,064</u>	\$ <u>233,665</u>
Business-Type Activities:				
Wastewater treatment	\$ -	\$ -	\$ 90,376	\$ 90,376
Water and sewer	311,955	-	-	311,955
Allowance for doubtful accounts	(114,671)	-	-	(114,671)
Total business-type activities	\$ <u>197,284</u>	\$ <u>-</u>	\$ <u>90,376</u>	\$ <u>287,660</u>

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

II. DETAIL NOTES ON ALL FUNDS (continued):

Due from other governments consisted of the following:

Governmental Activities

Warren County	\$	8,530
Local option sales tax		89,195
Motor fuel tax refund		239
Franchise tax		19,321
Sales tax claim for refund		46,170
Neighborhood Revitalization CDBG Grant Fund		22,991
EPA Brownfield Assessment Grant Fund		6,618
	\$	<u>193,064</u>

Business-type Activities

Town of Norlina	\$	25,918
Warren County		23,604
USDA		40,854
	\$	<u>90,376</u>

4. Leases Receivable

The Town has a lease for space rented on Town water tanks from utility companies. The lease started in a previous year and is being recognized for the current fiscal year due to the implementation of GASB 87. On April 22, 2015, the Town entered into a 60 month lease as lessor with the utility company which was amended on June 12, 2017 to increase monthly rents paid in lieu of additional space used. The lessee has 2 extension options, each for 60 months. Under this lease the vendor pays the Town amounts ranging from \$2,695 per month currently with costs adjustments every 5 years up to a maximum of \$2,965 per month with the lease expiring April 21, 2030. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.6%, which was the Town's incremental borrowing rate at initial lease recognition. In fiscal year 2023, the Town recognized \$29,212 of lease revenue and \$7,880 of interest revenue under the lease. The remaining lease receivable at June 30, 2023 was \$207,582 on this lease.

5. Capital Assets

**Primary Government**

For the year ended June 30, 2023, capital asset activity was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 29,500	\$ -	\$ -	\$ 29,500
Construction in progress	15,700	203,653	139,386	79,967
	<u>45,200</u>	<u>203,653</u>	<u>139,386</u>	<u>109,467</u>
<b>Capital assets being depreciated:</b>				
Buildings	6,773	-	-	6,773
Equipment	269,490	-	-	269,490
Improvements	188,302	26,682	-	214,984
Vehicles and motorized equipment	392,282	112,704	-	504,986
Total depreciable capital assets	<u>856,847</u>	<u>139,386</u>	<u>-</u>	<u>996,233</u>

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

II. DETAIL NOTES ON ALL FUNDS (continued):

5. Capital Assets (continued)

Less accumulated depreciation  
for:

Buildings	5,557	286	-	5,843
Equipment	98,653	15,504	-	114,157
Improvements	64,675	12,553	-	77,228
Vehicles and motorized equipment	354,973	16,058	-	371,031
Total accumulated depreciation	<u>523,858</u>	<u>44,401</u>	<u>-</u>	<u>568,259</u>

Total capital assets being depreciated, net	<u>332,989</u>	<u>94,985</u>	<u>-</u>	<u>427,974</u>
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Capital assets being amortized:

Leased buildings	<u>63,981</u>	<u>103,048</u>	<u>63,981</u>	<u>103,048</u>
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Less accumulated amortization  
for:

Leased buildings	<u>34,899</u>	<u>34,807</u>	<u>63,981</u>	<u>5,725</u>
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Total capital assets being amortized, net	<u>29,082</u>	<u>68,241</u>	<u>-</u>	<u>97,323</u>
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Governmental activities capital assets, net	<u>\$ 407,271</u>	<u>\$ 163,226</u>	<u>\$ -</u>	<u>\$ 634,764</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 26,181
Public safety	<u>18,220</u>
Total	<u>\$ 44,401</u>

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Business-Type Activities:</b>				
<b>Wastewater Treatment Fund:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,094,061	\$ 79,506	\$ 2,173,567	\$ -
Total capital assets not being depreciated	<u>2,094,061</u>	<u>79,506</u>	<u>2,173,567</u>	<u>-</u>
<b>Capital Assets, Being Depreciated:</b>				
Improvements	14,858	2,173,567	-	2,188,425
Vehicles	18,706	-	18,706	-
Equipment	133,969	-	-	133,969
Total capital assets, being depreciated	<u>167,533</u>	<u>2,173,567</u>	<u>18,706</u>	<u>2,322,394</u>
<b>Less Accumulated Depreciation for:</b>				
Improvements	3,429	381	-	3,810
Vehicles	18,706	-	18,706	-
Equipment	121,275	3,128	-	124,403
Total accumulated depreciation	<u>143,410</u>	<u>3,509</u>	<u>18,706</u>	<u>128,213</u>
Total capital assets, being depreciated, net	<u>24,123</u>			<u>2,194,181</u>
Wastewater Treatment Fund capital assets	<u>2,118,184</u>			<u>2,194,181</u>

**TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**II. DETAIL NOTES ON ALL FUNDS (continued):**

**5. Capital Assets (continued)**

**Water and Sewer Fund**

Capital assets not being depreciated:

Land	5,250	-	-	5,250
Construction in progress	-	263,462	263,462	-
Total capital assets not being depreciated	5,250	263,462	263,462	5,250

**Capital Assets, Being Depreciated:**

Water and sewer lines	5,853,043	-	-	5,853,043
Water and sewer plant	169,982	-	-	169,982
Improvements	8,433,022	-	-	8,433,022
Vehicles	226,908	282,168	25,406	483,670
Intangibles	251,500	-	-	251,500
Equipment	241,591	-	-	241,591
Total capital assets being depreciated	15,176,046	282,168	25,406	15,432,808

**Less Accumulated Depreciation for:**

Water and sewer lines	4,086,521	213,811	-	4,300,332
Water and sewer plant	64,690	4,396	-	69,086
Improvements	451,107	215,623	-	666,730
Vehicles	221,706	37,225	25,406	233,525
Intangibles	25,150	25,150	-	50,300
Equipment	213,673	5,113	-	218,786
Total accumulated depreciation	5,062,847	\$ 501,318	\$ 25,406	5,538,759
Total capital assets being depreciated, net	10,113,199			9,894,049
Water and Sewer Fund capital assets, net	10,118,449			9,899,299

Business-type activities capital assets, net      \$ 12,236,633      \$ 12,093,480

Note that during the year ended June 30, 2023 a vehicle with original cost and accumulated depreciation of \$18,706 was transferred from the governmental funds to the Water and Sewer Fund.

**Construction Commitments**

At June 30, 2023 the Town had contractual commitments of \$175,497 in the EPA Brownfield Assessment Grant Fund and \$118,503 spent to date.

**B. Liabilities**

**1. Pension Plan and Post-Employment Obligations**

**Local Governmental Employees' Retirement System**

*Plan Description*

The Town of Warrenton 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 the 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

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

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, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Warrenton 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 Warrenton's contractually required contribution rate for the year ended June 30, 2023, was 19.89% of compensation for law enforcement officers and 18.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Warrenton were \$187,215 for the year ended June 30, 2023.

*Refunds of Contributions* - Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service

termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2023, the Town reported a liability of \$559,630 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

II. DETAIL NOTES ON ALL FUNDS (continued):

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, 2022 (measurement date), the Town's proportion was .00992%, which was a decrease of .00031% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$213,403. At June 30, 2023, 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	\$ 24,114	\$ 2,364
Changes of assumptions	55,838	-
Net difference between projected and actual earnings pension plan investments	184,963	-
Changes in proportion and differences between City contributions and proportionate share of contributions	92,658	-
City contributions subsequent to the measurement date	187,215	-
Total	<u>\$ 544,788</u>	<u>\$ 2,364</u>

\$187,215 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2024	\$ 131,185
2025	100,042
2026	35,862
2027	88,121
Total	<u>\$ 355,210</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 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 percent to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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.



TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated

for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 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%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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 2.25%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 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 ( percent) or one percentage point higher ( percent) than the current rate:

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 1,010,059	\$ 559,630	\$ 188,449

*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.

Law Enforcement Officers' Special Separation Allowance

*Plan Description*

The Town of Warrenton 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 or more 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 Town law enforcement officers are covered by the Separation Allowance.

At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	4
Total	<u>4</u>

*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 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.

*Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 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	4.31 percent

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

The discount rate is based on the yield of the S&P Municipal Bond 20 year High Grade Rate Index as of December 31, 2021.

Mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

*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. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$-0- 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, 2023, the Town reported a total pension liability of \$63,067. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$5,072.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,567	\$ 12,525
Changes of assumptions	<u>16,950</u>	<u>10,257</u>
Total	<u>\$ 20,517</u>	<u>\$ 22,782</u>

\$-0- reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

*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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
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II. DETAIL NOTES ON ALL FUNDS (continued):

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 67,742	\$ 63,067	\$ 58,747

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

	2023
Beginning balance	\$ 64,380
Service cost	6,402
Interest on the total pension liability	1,449
Differences between expected and actual experience in the measurement of the total pension liability	871
Changes of assumptions or other inputs	(10,035)
Ending balance of the total pension liability	\$ 63,067

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through 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	\$ 213,403	\$ 5,072	\$ 218,475
Pension Liability	559,630	63,067	622,697
Proportionate share of the net pension liability	0.00992%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	24,114	3,567	27,681
Changes of assumptions	55,838	16,950	72,788
Changes in proportion and differences between contributions and proportionate share of contributions	92,658	-	92,658
Benefit payments and administrative costs paid subsequent to the measurement date	187,215	-	187,215
Net difference between projected and actual earnings on plan investments	184,963	-	184,963
Deferred Inflows of Resources			
Differences between expected and actual experience	2,364	12,525	14,889
Changes of assumptions	-	10,257	10,257

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description*

The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of the 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 the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy*

Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5 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 the year ended June 30, 2023, were \$12,099, which consisted of \$12,099 from the Town and \$-0- from the law enforcement officers.

Other Employment Benefits

The Town has elected to provide death benefits to law enforcement 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.

Beneficiaries of law enforcement 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 his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees engaged in law enforcement and those not engaged in law enforcement. The Town considers these contributions to be immaterial.

The Town has elected to provide death benefits to all employees, including elected officials, through a group-term life insurance policy held with American United Life Insurance Company. An employee is eligible for benefits upon completion of 30 days of continuous employment. Benefits for employees, other than elected officials, are calculated at two times an employee's base annual salary (rounded to the next highest thousand) with a maximum benefit of \$200,000. Benefits for insureds age 70 and over are subject to automatic reduction of 50%.

Elected officials are eligible for benefits, based on his or her age, up to \$50,000. All death benefits are paid from American United Life Insurance Company; therefore, the Town has no liability beyond the cost of premiums. Benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

2. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$	187,215
Pension deferrals		<u>378,090</u>
Total	\$	<u>565,305</u>

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

	Statement of Net Position	Governmental Funds Balance Sheet
Taxes Receivable (General Fund)	\$ -	\$ 21,678
Leases Receivable (General Fund)	197,182	197,182
Leases Receivable (Special Revenue Fund)	1,247	1,247
Grants (American Rescue Plan Grant Fund)	50,563	50,563
Pension deferrals	25,146	-
Total	<u>\$ 274,138</u>	<u>\$ 270,670</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 three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial companies for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess, and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the North Carolina League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. The Town has made the decision not to purchase flood insurance at this time. The Town does not deem the risk of flooding to outweigh the cost of insurance.

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

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

4. Long-Term Obligations

Installment Purchase

Government Activities:

An agreement was executed on September 26, 2013 for \$150,000 for replacement and repair of the Town Hall roof. This agreement requires 120 monthly payments of \$1,417, including interest of 2.54%. (67% of this note is held by the General Fund and 33% is held by the Water and Sewer Fund). \$ 2,821

An agreement was executed on December 7, 2016 for \$8,500 to finance the purchase of surveillance cameras. This agreement requires 7 annual payments of \$1,333, including interest at 2.375%. 1,298

An agreement was executed on July 18, 2017 for \$29,500 to finance the purchase of two patrol cars. This agreement requires 7 annual payments of \$4,780, beginning in 2018, including interest at 3.25% 9,113

An agreement was executed on November 20, 2019 for \$33,800 to finance the purchase of two patrol cars. This agreement requires 7 annual payments of \$5,426, beginning in 2020, including interest of 3.0% 20,166

An agreement was executed on March 20, 2023 for \$55,400 to finance the purchase of two patrol cars. This agreement requires 7 annual payments of \$8,977, beginning in 2024, including interest of 3.25% 55,400

Total installment purchase contracts \$ 88,798

The annual requirements to retire all installment purchase contracts outstanding as of June 30, 2023, are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 20,596	\$ 2,754	\$ 23,350
2025	17,003	2,180	19,183
2026	12,765	1,638	14,403
2027	13,165	1,238	14,403
2028	8,153	824	8,977
2029-2033	17,116	839	17,955
Total	\$ 88,798	\$ 9,473	\$ 98,271

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

Business-Type Activities:

An agreement was executed on September 26, 2013 for \$150,000 for replacement and repair of the Town Hall roof. This agreement requires 120 monthly payments of \$1,417, including interest of 2.54%. (67% of this note is held by the General Fund and 33% is held by the Water and Sewer Fund.)	\$	1,410
An agreement was executed on October 24, 2017 for \$36,000 to finance the purchase of two public works trucks. This agreement requires payments of \$5,834, beginning in 2018, including interest at 3.25%.		11,117
An agreement was executed on April 2, 2020 for sewer upgrades in the amount of \$115,000. This agreement requires 20 annual payments of \$5,750, beginning in 2021, at 0% interest.		95,400
An agreement was executed on April 2, 2020 for sewer upgrades in the amount of \$184,531. This agreement requires 20 annual payments of \$9,227, beginning in 2021, at 0% interest.		149,183
NCDENR funded a project for sewer system rehabilitation and related loan proceeds for \$275,000. This agreement requires annual principal payments of \$13,750 plus interest at 2.00% per annum beginning May 1, 2014. Maturity is May 2023.		137,500
An agreement was executed on May 5, 2020 for upgrades to the Waste Water Treatment Plant in the amount of \$472,132. This agreement requires 20 annual payments of \$23,606, beginning in 2022, at 0% interest.		424,919
An agreement was executed on December 17, 2020 for \$228,000 to finance the renovations to Town Hall. This agreement requires 40 annual payments of \$7,280, beginning in 2022, including interest at 1.25%		211,633
\$1,846,000 of Water Bonds executed on August 28, 2020 are due on June 1 in installments of \$36,000 to \$5,000 through June 1, 2060, plus interest at 1.125%.		1,735,000
\$769,000 of Water Bonds executed on August 28, 2020 are due on June 1 in installments of \$15,000 to \$24,000 through June 1, 2060, plus interest at 1.125%.		723,000
An agreement was executed on January 10, 2023 for \$34,750 to finance the purchase of three public works vehicles. This agreement requires 7 annual payments of \$5,473, beginning in 2024, including interest at 2.5% (50% of this note is held by the General Fund and 50% is held by the Water and Sewer Fund)		69,500



TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

II. DETAIL NOTES ON ALL FUNDS (continued):

An agreement was executed on January 10, 2023 for \$9,200 to finance the purchase of three public works vehicles. This agreement requires 7 annual payments of \$1,491, beginning in 2024, including interest at 3.25% (50% of this note is held by the General Fund and 50% is held by the Water and Sewer Fund)

	18,400
Total installment purchase contracts	\$ 3,577,062

The annual requirements to retire all installment purchase contracts outstanding as of June 30, 2023, are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 128,841	\$ 35,766	\$ 164,607
2025	127,962	34,346	162,308
2026	123,698	32,893	156,591
2027	124,082	31,616	155,698
2028	126,476	30,328	156,804
2029-2033	602,714	132,689	735,403
2034-2038	526,812	109,035	635,847
2039-2043	455,167	89,485	544,652
2044-2048	376,415	68,833	445,248
2049-2053	396,375	47,027	443,402
2054-2058	419,462	23,993	443,455
2059-2060	169,058	2,818	171,873
Total	\$ 3,577,062	\$ 638,829	\$ 4,215,891

Leases

The Town has entered into an agreement to lease certain property. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The agreement was executed on May 11, 2023, to lease property and requires 36 monthly payments of \$3,000. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which is their effective interest rate based on their most recent loan. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$103,048 at June 30, 2023. The right to use asset is discussed in more detail in the Right to Use Leased Asset section A.6 of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 33,351	\$ 2,649	\$ 36,000
2025	34,410	1,590	36,000
2026	29,558	442	30,000
Total	\$ 97,319	\$ 4,681	\$ 102,000

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

II. DETAIL NOTES ON ALL FUNDS (continued):

Changes in Long-Term Obligations

	Beginning Of Year	Additions	Retirements	End of Year	Due Within One Year
<b>Governmental Activities:</b>					
Installment purchases	\$ 54,802	\$ 55,400	\$ 21,404	\$ 88,798	\$ 20,601
Lease liabilities	29,514	103,048	35,243	97,319	33,351
Net pension liability (LGERS)	94,132	241,646	-	335,778	-
Net pension liability (LEOSSA)	64,380	-	1,313	63,067	-
Compensation absences	48,968	35,187	38,754	45,401	20,908
Total governmental activities	<u>\$ 291,796</u>	<u>\$ 435,281</u>	<u>\$ 96,714</u>	<u>\$ 630,363</u>	<u>\$ 74,860</u>
<b>Business-Type Activities:</b>					
Installment purchases	\$ 3,617,697	\$ 87,900	\$ 128,535	\$ 3,577,062	\$ 128,841
Net pension liability (LGERS)	62,754	231,113	70,015	223,852	-
Compensation absences	37,599	30,410	31,123	36,886	19,714
Total business-type activities	<u>\$ 3,718,050</u>	<u>\$ 349,423</u>	<u>\$ 229,673</u>	<u>\$ 3,837,800</u>	<u>\$ 148,555</u>

The legal debt margin for the Town of Warrenton is \$5,683,657.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2023 is as follows:

	Governmental-Type Activities	Business-Type Activities
Capital assets	\$ 634,764	\$ 12,093,480
Less: Long-term debt	186,117	3,577,062
Net investment in capital assets	<u>\$ 448,647</u>	<u>\$ 8,516,418</u>

C. **Commitments**

The Town has entered into a contract with Soul City Sanitary District for the sale of water to the Town until March 20, 2037. The Town is obligated to purchase a minimum of 250,000 gallons of water per day under the terms of this agreement.

The Town has entered into a contract with the Town of Norlina and Warren County in which the Town has agreed to operate the wastewater treatment facility, and the cost of these operations is allocated between the parties as follows; Warren County - 25.20%, Warrenton - 47.13%, and Norlina 27.67%. The Town charges all related expenses to the Wastewater Treatment Fund and bills Warren County and Norlina monthly for their share of the expenses. This agreement is in effect until a new agreement or an amendment is made.

The Town has entered into a contract with Warrenton Rural Volunteer Fire Association, Inc. for fire protection services until June 30, 2024. The Town is obligated to pay \$70,000 annually under the terms of this contract.

The Town has entered into a contract with Harris Investments, Inc. to lease land from November 1, 2015 through October 31, 2025 for \$1,000 per year for the purpose of placing yard waste, leaves and storm debris.

D. **Interfund Activity**

Transfers from a fund receiving revenues to the fund through which the resources are to be expended are recorded as "intergovernmental transfers out" in the transferring fund and "transfers in" to the receiving fund.

TOWN OF WARRENTON, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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II. DETAIL NOTES ON ALL FUNDS (continued):

A summary of these transactions for the year ended June 30, 2023 follows:

From the General Fund to the Water and Sewer Fund - to reimburse expenditures	\$ 7,281
From the General Fund to the Milano's Downtown Fund - program support	11,600
From the General Fund to the NC VW Grant Fund - to reimburse expenditures	9,218
From the American Rescue Plan Grant Fund to the General Fund - to reimburse expenditures	10,815
From the American Rescue Plan Grant Fund to the Water and Sewer Fund - to reimburse expenditures	10,704
From the Water and Sewer Fund to the Wastewater Treatment Plant Fund - to reimburse expenditures	43,326
From the Water and Sewer Fund to the NC VW Grant Fund - to reimburse expenditures	6,748
From the Water and Sewer Fund to the USDA Community Facilities Water & Sewer Vehicles Fund - to reimburse expenditures	136
From the Wastewater Treatment Plant Fund to the Waste Water Treatment Plant Grant Fund - to reimburse expenditures	<u>78,826</u>
Total	\$ <u>178,654</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	\$ 1,113,518
Less:	
Non-spendable	5,833
Stabilization by State statute	268,966
USDA	8,072
Streets-Powell Bill	25,176
Appropriated Fund Balance in 2024 budget	<u>11,240</u>
Remaining fund balance	\$ <u>794,231</u>

III. JOINTLY GOVERNED ORGANIZATION

The Kerr-Tar Council of Government (the "Council") is a voluntary association of five county and fifteen Town and town governments, including the Town, established to coordinate federal and state projects of a planning nature in the five county area in central North Carolina. Each county and town appoints one member to the Council's governing body and his governing body selects the management and determines the budget and financing requirements of the Council. The Town contributed \$545 to the Council during the year ended June 30, 2023.

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 refund of grant monies.

Claims and Judgments – At June 30, 2023, the Town was not a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

V. SUBSEQUENT EVENTS

On August 2, 2023, the Town entered into an installment purchase agreement with Truist Bank in the amount of \$125,000 for paving of the new municipal parking lot. This agreement is for 10 years with an interest rate of 5.27%.

**TOWN OF WARRENTON, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM-**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

SCHEDULE 1

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Warrenton's proportion of the net pension liability (asset) (%)	0.00992%	0.01023%	0.01024%	0.00864%	0.00870%	0.01100%	0.01191%	0.01015%	0.00907%	0.00400%
Warrenton's proportion of the net pension liability (asset) (\$)	\$ 559,630	\$ 156,887	\$ 365,919	\$ 235,952	\$ 206,394	\$ 168,050	\$ 252,770	\$ 45,552	\$ (53,490)	\$ 48,215
Warrenton's covered payroll	840,726	775,837	744,419	693,583	661,731	693,131	674,953	610,237	488,917	484,406
Warrenton's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.57%	20.22%	49.15%	34.02%	31.19%	24.25%	37.45%	7.46%	-10.94%	9.95%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	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 WARRENTON, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM-**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

SCHEDULE 2

LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 187,215	\$ 154,486	\$ 129,830	\$ 120,920	\$ 104,607	\$ 95,971	\$ 97,279	\$ 88,326	\$ 83,130	\$ 32,304
Contributions in relation to the contractually required contribution	187,215	154,486	129,830	120,920	104,607	95,971	97,279	88,326	83,130	32,304
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Warrenton's covered payroll	\$ 976,412	\$ 840,726	\$ 775,837	\$ 744,419	\$ 693,583	\$ 661,731	\$ 693,131	\$ 674,953	\$ 610,237	\$ 488,917
Contributions as a percentage of covered payroll	19.17%	18.38%	16.73%	16.24%	15.08%	14.50%	14.03%	13.09%	13.62%	6.61%

TOWN OF WARRENTON, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE-  
SCHEDULE OF CHANGES IN TOTAL PENSION OBLIGATION

SCHEDULE 3

LAST SEVEN YEARS

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 64,380	\$ 66,852	\$ 31,828	\$ 25,977	\$ 26,571	\$ 50,058	\$ 46,433
Service Cost	6,402	6,551	3,522	2,461	2,643	2,444	3,361
Interest on the total pension liability	1,449	1,290	1,038	946	840	1,932	1,658
Differences between the expected and actual experience in the measurement of the total pension liability	871	(8,773)	3,809	1,357	(2,861)	(29,964)	-
Changes of assumptions or other inputs	(10,035)	(1,540)	26,655	1,087	(1,216)	2,101	(1,394)
Ending balance of the total pension liability	<u>\$ 63,067</u>	<u>\$ 64,380</u>	<u>\$ 66,852</u>	<u>\$ 31,828</u>	<u>\$ 25,977</u>	<u>\$ 26,571</u>	<u>\$ 50,058</u>

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

Note: Ten years of information will be presented as it becomes available.

TOWN OF WARRENTON, NORTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE-  
SCHEDULE OF TOTAL PENSION OBLIGATION AS A PERCENTAGE OF COVERED PAYROLL

SCHEDULE 4

LAST SEVEN YEARS

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 63,067	\$ 64,380	\$ 66,852	\$ 31,828	\$ 25,977	\$ 25,977	\$ 50,058
Covered payroll	\$ 195,567	\$ 192,356	\$ 180,318	\$ 128,043	\$ 119,611	\$ 156,513	\$ 180,588
Total pension liability as a percentage of covered payroll	32.25%	33.47%	37.07%	24.86%	21.72%	16.60%	27.72%

Notes to the schedules:

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

Note: Ten years of information will be presented as it becomes available.



**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 5****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET TO ACTUAL-GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 421,262	-
Motor vehicles taxes	-	45,844	-
Penalties and interest	-	2,300	-
Total	<u>485,300</u>	<u>469,406</u>	<u>(15,894)</u>
Unrestricted intergovernmental:			
Local option sales taxes	-	359,256	-
Utility franchise tax	-	88,244	-
Beer and wine tax	-	3,875	-
Gas tax refund	-	1,328	-
PD narcotics tax	-	254	-
Solid waste disposal tax	-	666	-
Total	<u>464,800</u>	<u>453,623</u>	<u>(11,177)</u>
Restricted intergovernmental:			
Powell Bill allocation	-	29,013	-
Total	<u>24,888</u>	<u>29,013</u>	<u>4,125</u>
Permits and fees:			
Zoning fees	-	1,800	-
Code enforcement	-	2,500	-
Parking fees and enforcement	-	680	-
Court fees	-	293	-
Total	<u>3,700</u>	<u>5,273</u>	<u>1,573</u>
Sales and services:			
Landfill fees	-	185,342	-
Cell tower rent	-	29,212	-
Miscellaneous	-	22,665	-
Total	<u>261,769</u>	<u>237,219</u>	<u>(24,550)</u>
Investment earnings	<u>100</u>	<u>27,445</u>	<u>27,345</u>
Total revenues	<u>1,240,557</u>	<u>1,221,979</u>	<u>(18,578)</u>

**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 5****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET TO ACTUAL-GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government			
Governing Body			
Personnel services	\$ -	\$ 1,615	\$ -
Operating expenditures	-	503	-
Total	<u>2,390</u>	<u>2,118</u>	<u>272</u>
Administration			
Personnel services	-	306,164	-
Operating expenditures	-	85,531	-
Administrative fee paid by Water and Sewer	-	(163,115)	-
Capital outlay	-	12,241	-
Total	<u>320,714</u>	<u>240,821</u>	<u>79,893</u>
Total general government	<u>323,104</u>	<u>242,939</u>	<u>80,165</u>
Public Safety			
Police			
Personnel services	-	448,717	-
Operating expenditures	-	118,684	-
Total	<u>595,861</u>	<u>567,401</u>	<u>28,460</u>
Fire			
Personnel services	-	3,862	-
Operating expenditures	-	89,984	-
Total	<u>95,649</u>	<u>93,846</u>	<u>1,803</u>
Total public safety	<u>691,510</u>	<u>661,247</u>	<u>30,263</u>
Streets			
Street repair and construction			
Personnel services	-	106,591	-
Operating expenditures	-	87,825	-
Total	<u>220,534</u>	<u>194,416</u>	<u>26,118</u>
Total streets	<u>220,534</u>	<u>194,416</u>	<u>26,118</u>

**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 5****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET TO ACTUAL-GENERAL FUND**

YEAR ENDED JUNE 30, 2023

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Environmental Protection			
Sanitation			
Personnel services	\$ -	\$ 80,449	\$ -
Operating expenditures	-	30,388	-
Total	<u>112,649</u>	<u>110,837</u>	<u>1,812</u>
Total environmental protection	<u>112,649</u>	<u>110,837</u>	<u>1,812</u>
Debt service			
Principal retirement	-	21,404	-
Interest and other charges	-	1,469	-
Total	<u>23,101</u>	<u>22,873</u>	<u>228</u>
Total expenditures	<u>1,370,898</u>	<u>1,232,312</u>	<u>138,586</u>
Revenues over (under) expenditures	<u>(130,341)</u>	<u>(10,333)</u>	<u>120,008</u>
Other financing sources (uses):			
Transfers from other funds	29,736	4,911	(24,825)
Transfers to other funds	(28,099)	(28,099)	-
Fund balance appropriated	128,704	-	(128,704)
Total	<u>130,341</u>	<u>(23,188)</u>	<u>(153,529)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(33,521)</u>	<u>\$ (33,521)</u>
Fund balances, beginning		1,147,039	
Fund balances, ending		<u>\$ 1,113,518</u>	

**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 6****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP)-SPECIAL REVENUE FUND-  
NEIGHBORHOOD REVITALIZATION CDBG GRANT FUND**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
Revenues:					
CDBG grant revenue	\$ 950,000	\$ 16,506	\$ 457,602	\$ 474,108	\$ (475,892)
Expenditures:					
Current:					
Economic & Physical Dev					
Project cost	880,000	6,165	448,717	454,882	425,118
Administrative expense	70,000	10,341	8,885	19,226	50,774
Total expenditures	950,000	16,506	457,602	474,108	475,892
Revenues over expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

**TOWN OF WARRENTON, NORTH CAROLINA**  
**COMBINING BALANCE SHEET-**  
**NONMAJOR GOVERNMENTAL FUNDS**

SCHEDULE 7

June 30, 2023

	Special Revenue				Capital Project	
	Revolving Loan Fund	Frontier Warren Fund	American Rescue Plan Grant Fund	EPA Brownfield Assessment Grant Fund	Total Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 18,337	\$ -	\$ 50,563	\$ -	\$ 68,900	\$ 68,900
Accounts receivable	-	2,780	-	-	2,780	2,780
Due from other governments	-	-	-	6,618	6,618	6,618
	<u>\$ 18,337</u>	<u>\$ 2,780</u>	<u>\$ 50,563</u>	<u>\$ 6,618</u>	<u>\$ 78,298</u>	<u>\$ 78,298</u>
<b>LIABILITIES</b>						
Accounts payable	-	263	-	6,618	6,881	6,881
Due to other funds	-	35,442	-	-	35,442	78,168
	<u>-</u>	<u>35,705</u>	<u>-</u>	<u>6,618</u>	<u>42,323</u>	<u>85,049</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases	-	1,247	-	-	1,247	1,247
Grant	-	-	50,563	-	50,563	50,563
Total deferred inflows of resources	<u>-</u>	<u>1,247</u>	<u>50,563</u>	<u>-</u>	<u>51,810</u>	<u>51,810</u>
<b>FUND BALANCES</b>						
Restricted:						
Economic and physical development	18,337	-	-	-	18,337	18,337
Unassigned	-	(34,172)	-	-	(34,172)	(76,898)
Total fund balances	<u>18,337</u>	<u>(34,172)</u>	<u>-</u>	<u>-</u>	<u>(15,835)</u>	<u>(58,561)</u>
Total liabilities and fund balances	<u>\$ 18,337</u>	<u>\$ 2,780</u>	<u>\$ 50,563</u>	<u>\$ 6,618</u>	<u>\$ 78,298</u>	<u>\$ 78,298</u>

TOWN OF WARRENTON, NORTH CAROLINA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES-  
NONMAJOR GOVERNMENTAL FUNDS

SCHEDULE 8

YEAR ENDED JUNE 30, 2023

	Special Revenue								Capital Project		
	Milano's Downtown Fund	NC VW Settlement Grant Fund	Revolving Loan Fund	Frontier Warren Fund	American Rescue Plan Grant Fund	EPA Brownfield Assessment Grant Fund	USDA Community Facilities 2 PD Vehicles Fund	2022 PD Radio Grant Fund	Total Special Revenue Funds	Parking Lot Fund	Total Nonmajor Governmental Funds
Revenues:											
Restricted intergovernmental	\$ (712)	\$ 55,798	\$ -	\$ -	\$ 133,479	\$ 90,295	\$ 51,400	\$ 19,936	\$ 350,196	\$ -	\$ 350,196
Interest income	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	28,815	-	-	-	-	28,815	-	28,815
Total revenues	(712)	55,798	-	28,815	133,479	90,295	51,400	19,936	379,011	-	379,011
Expenditures:											
General government	-	-	-	-	85,278	-	-	-	85,278	-	85,278
Public safety	-	-	-	-	-	-	-	19,936	19,936	-	19,936
Economic and physical development	11,588	-	-	48,917	-	-	-	-	60,505	-	60,505
Environmental protection	-	-	-	-	-	90,295	-	-	90,295	-	90,295
Capital outlay	-	68,026	-	103,048	26,682	-	112,704	-	310,460	52,026	362,486
Total expenditures	11,588	68,026	-	151,965	111,960	90,295	112,704	19,936	566,474	52,026	618,500
Revenues over (under) expenditures	(12,300)	(12,228)	-	(123,150)	21,519	-	(61,304)	-	(187,463)	(52,026)	(239,489)
Other financing sources (uses):											
USDA loan	-	-	-	-	-	-	55,400	-	55,400	-	55,400
Transfer from other funds	11,600	15,966	-	-	-	-	5,904	-	33,470	-	33,470
Transfer to other funds	-	-	-	-	(21,519)	-	-	-	(21,519)	-	(21,519)
Lease liabilities issued	-	-	-	103,048	-	-	-	-	103,048	-	103,048
Total other financings sources (uses)	11,600	15,966	-	103,048	(21,519)	-	61,304	-	170,399	-	170,399
Net change in fund balance	(700)	3,738	-	(20,102)	-	-	-	-	(17,064)	(52,026)	(69,090)
Fund balances, beginning	700	(3,738)	18,337	(14,070)	-	-	-	-	1,229	9,300	10,529
Fund balances, ending	\$ -	\$ -	\$ 18,337	\$ (34,172)	\$ -	\$ -	\$ -	\$ -	\$ (15,835)	\$ (42,726)	\$ (58,561)

**TOWN OF WARRENTON, NORTH CAROLINA**
**SCHEDULE 9**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET TO ACTUAL (NON GAAP) - SPECIAL REVENUE FUND -  
MILANO'S DOWNTOWN FUND**
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>					
Restricted intergovernmental:					
Reimbursable grant	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Reimbursable COG fee	5,000	5,712	(712)	5,000	-
Total	505,000	505,712	(712)	505,000	-
 Total revenues	 505,000	 505,712	 (712)	 505,000	 -
<b>Expenditures:</b>					
Economic and Physical Development:					
Building renovation	500,000	500,712	(712)	500,000	-
COG fee	5,000	5,000	-	5,000	-
Legal fee	28,600	16,300	12,300	28,600	-
Total	533,600	522,012	11,588	533,600	-
 Total expenditures	 533,600	 522,012	 11,588	 533,600	 -
 Other financing sources:					
Transfer from General Fund	28,600	17,000	11,600	28,600	-
 Revenues and other financing sources over (under) expenditures	 \$ -	 \$ 700	 \$ (700)	 \$ -	 \$ -
 Fund balances, beginning			700		
Fund balances, ending			\$ -		

**TOWN OF WARRENTON, NORTH CAROLINA**

SCHEDULE 10

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP) - SPECIAL REVENUE FUND -  
NC VW SETTLEMENT GRANT FUND**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>	<b>Variance Positive (Negative)</b>
Revenues:					
NC VW Settlement Grant	\$ 218,780	\$ 162,982	\$ 55,798	\$ 218,780	\$ -
Expenditures:					
Current:					
Public Works					
Capital outlay	234,746	166,720	68,026	234,746	-
Revenues under expenditures	(15,966)	(3,738)	(12,228)	(15,966)	-
Other financing sources:					
Transfers from other funds	15,966	-	15,966	15,966	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ (3,738)	\$ 3,738	\$ -	\$ -
Fund balance, beginning			(3,738)		
Fund balance, ending			\$ -		



**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 11****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP) - SPECIAL REVENUE FUND -  
REVOLVING LOAN FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Current Authorization</u>	<u>Actual Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Current:			
Economic & Physical Dev			
Operating expense	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning		<u>18,337</u>	
Fund balance, ending		<u><u>\$ 18,337</u></u>	

**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 12****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP) - SPECIAL REVENUE FUND -  
FRONTIER WARREN FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	<b>Current</b>	<b>Actual</b>	<b>Variance</b>
	<b>Authorization</b>	<b>Current</b>	<b>Positive</b>
		<b>Year</b>	<b>(Negative)</b>
<b>Revenues:</b>			
Rental income	\$ 42,320	\$ 28,510	\$ (13,810)
Contribution from other government	10,000	-	(10,000)
Miscellaneous income	500	225	(275)
Donations	5,000	80	(4,920)
Total revenues	<u>57,820</u>	<u>28,815</u>	<u>(29,005)</u>
<b>Expenditures:</b>			
Current:			
Economic development			
Operating expenses	57,820	48,917	8,903
Capital outlay	-	103,048	103,048
Total expenditures	<u>57,820</u>	<u>151,965</u>	<u>111,951</u>
Revenues under expenditures	-	(123,150)	82,946
<b>Other financing sources:</b>			
Lease liabilities issued	-	103,048	(103,048)
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>(20,102)</u>	<u>\$ (20,102)</u>
Fund balance, beginning		(14,070)	
Fund balance, ending		<u>\$ (34,172)</u>	

**TOWN OF WARRENTON, NORTH CAROLINA**

SCHEDULE 13

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP)-SPECIAL REVENUE FUND-  
SR AMERICAN RESCUE PLAN GRANT FUND**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<b>Project</b>	<b>Prior</b>	<b>Actual</b>		<b>Variance</b>
	<b>Authorization</b>	<b>Years</b>	<b>Current</b>	<b>Total to</b>	<b>Positive</b>
			<b>Year</b>	<b>Date</b>	<b>(Negative)</b>
Revenues:					
Federal grant	\$ 265,475	\$ 81,434	\$ 133,479	\$ 214,913	\$ (50,562)
Expenditures:					
Current:					
General government					
Administration	163,827	1,305	85,278	86,583	77,244
Capital outlay	23,100	23,100	26,682	49,782	(26,682)
Total expenditures	186,927	24,405	111,960	136,365	50,562
Revenues over expenditures	78,548	57,029	21,519	78,548	-
Other financing uses:					
Transfers to other funds	(78,548)	(57,029)	(21,519)	(78,548)	-
Revenues over expenditures and other financing uses	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

## TOWN OF WARRENTON, NORTH CAROLINA

## SCHEDULE 14

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP)-SPECIAL REVENUE FUND-  
EPA BROWNFIELD ASSESSMENT GRANT FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project		Actual		Variance
	Authorization	Prior	Current	Total to	Positive
		Years	Year	Date	(Negative)
Revenues:					
Federal grant	\$ 300,000	\$ 30,125	\$ 90,295	\$ 120,420	\$ (179,580)
Expenditures:					
Current:					
Environmental protection					
Professional fees	294,000	30,125	88,379	118,504	175,496
Supplies	1,000	-	1,916	1,916	(916)
Travel	5,000	-	-	-	5,000
Total expenditures	300,000	30,125	90,295	120,420	179,580
Revenues over expenditures	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

**TOWN OF WARRENTON, NORTH CAROLINA**

SCHEDULE 15

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP) - SPECIAL REVENUE FUND -  
USDA COMMUNITY FACILITIES 2 PD VEHICLES**

FOR THE YEAR ENDED JUNE 30, 2023

	<b>Current Authorization</b>	<b>Actual Current Year</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Federal grant	\$ 51,400	\$ 51,400	\$ -
Expenditures:			
Current:			
Public safety			
Capital outlay	112,704	112,704	-
Revenues under expenditures	(61,304)	(61,304)	-
Other financing sources:			
Transfer from SR American			
Rescue Plan Grant Fund	5,904	5,904	-
USDA loan	55,400	55,400	-
Total other financing sources	61,304	61,304	-
Revenues and other financing sources over expenditures	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

**TOWN OF WARRENTON, NORTH CAROLINA**

SCHEDULE 16

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP)-SPECIAL REVENUE FUND-  
2022 PD RADIO GRANT FUND**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Current Authorization</u>	<u>Actual Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Federal grant	<u>\$ 20,205</u>	<u>\$ 19,936</u>	<u>\$ (269)</u>
Expenditures:			
Current:			
Public safety			
Supplies	<u>20,205</u>	<u>19,936</u>	<u>269</u>
Revenues over expenditures	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u><u>\$ -</u></u>	

## TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 17

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP)-GENERAL CAPITAL PROJECT-  
PARKING LOT FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Current:					
General government					
Land	\$ 25,000	\$ 15,700	\$ 52,026	\$ 67,726	\$ (42,726)
Other Financing Sources:					
Transfer from General Fund	25,000	25,000	-	25,000	-
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 9,300</u>	(52,026)	<u>\$ (42,726)</u>	<u>\$ 42,726</u>
Fund balance, beginning			9,300		
Fund balance, ending			<u>\$ (42,726)</u>		

## TOWN OF WARRENTON, NORTH CAROLINA

## SCHEDULE 18

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP) -  
WASTEWATER TREATMENT PLANT FUND

YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Wastewater Treatment	\$ -	\$ 837,585	\$ -
Total operating revenues	827,388	837,585	10,197
Nonoperating revenues:			
Interest earnings	-	3	-
Miscellaneous revenue	-	356	-
Total nonoperating revenues	2	359	357
Total revenues	827,390	837,944	10,554
Expenditures:			
Operating expenditures:			
Salaries and benefits	-	290,935	-
Audit	-	10,667	-
Telephone and postage	-	10,317	-
Freight	-	2,124	-
Dues and subscriptions	-	135	-
Light and heat	-	106,499	-
Insurance and bonds	-	16,042	-
Materials and supplies	-	49,397	-
Vehicle maintenance	-	2,885	-
Truck expense	-	8,520	-
Equipment and plant maintenance	-	47,660	-
Uniforms	-	2,963	-
Sludge hauling	-	69,536	-
Influent debris removal	-	5,972	-
Kerr-Pamlico Basin Association	-	2,880	-
Permits and fees	-	14,961	-
OSHA compliance	-	1,584	-
Lab analysis and supplies	-	27,044	-
Computer supplies and support	-	9,462	-
Continuing education	-	925	-
Advertising	-	637	-
Administrative fee	-	56,948	-
Debt principal	-	23,607	-
Total	791,890	761,700	30,190
Other financing sources:			
Transfer from Water and Sewer Fund	-	43,326	-
Transfer to WWTP Grant Fund	-	(78,826)	-
Total other financing sources:	(35,500)	(35,500)	-
Revenues under expenditures	\$ -	\$ 40,744	\$ 40,744



**TOWN OF WARRENTON, NORTH CAROLINA**

SCHEDULE 18

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP) -  
WASTEWATER TREATMENT PLANT FUND**

YEAR ENDED JUNE 30, 2023

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues under expenditures		<u>\$ 40,744</u>	
Reconciling items:			
Depreciation		(3,509)	
Decrease in compensated absences		1,938	
Principal payments on debt		23,607	
Revenue and other financing sources from capital projects		78,826	
Increase in deferred outflows of resources - pensions		30,878	
Increase in net pension liability		(80,549)	
Decrease in deferred inflows of resources - pensions		44,356	
Total reconciling items		<u>95,547</u>	
Change in net position		<u>\$ 136,291</u>	

## TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 19

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP)-  
WWTP GRANT, DIVISION OF WATER INFRASTRUCTURES FUND - CAPITAL PROJECTS FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Contributions					
Grant	\$ 1,600,000	\$ 1,600,000	\$ -	\$ 1,600,000	\$ -
Town match	33,443	33,443	-	33,443	-
	<u>1,633,443</u>	<u>1,633,443</u>	<u>-</u>	<u>1,633,443</u>	<u>-</u>
Expenditures:					
Construction costs:					
Construction costs	1,822,117	1,744,250	77,866	1,822,116	1
Contingency	10,471	-	-	-	10,471
Total construction costs	<u>1,832,588</u>	<u>1,744,250</u>	<u>77,866</u>	<u>1,822,116</u>	<u>10,472</u>
Engineering costs:					
Engineering design	100,650	100,650	-	100,650	-
Construction administration	64,000	63,360	640	64,000	-
Construction inspection	100,000	99,638	1,000	100,638	(638)
Total engineering costs	<u>264,650</u>	<u>263,648</u>	<u>1,640</u>	<u>265,288</u>	<u>(638)</u>
Administration costs:					
Grant/loan administration	20,000	19,000	-	19,000	1,000
ER preparation	30,000	30,000	-	30,000	-
Legal, fiscal, admin, permitting	3,720	3,720	-	3,720	-
Closing costs	33,443	33,443	-	33,443	-
Total administration costs	<u>87,163</u>	<u>86,163</u>	<u>-</u>	<u>86,163</u>	<u>1,000</u>
Total expenditures	<u>2,184,401</u>	<u>2,094,061</u>	<u>79,506</u>	<u>2,173,567</u>	<u>10,834</u>
Revenues under expenditures	(550,958)	(460,618)	(79,506)	(540,124)	10,834
Other financing sources:					
Transfer from Wastewater Treatment Plant Fund	78,826	-	78,826	78,826	-
USDA loan	472,132	472,132	-	472,132	-
Total other financing sources	<u>550,958</u>	<u>472,132</u>	<u>78,826</u>	<u>550,958</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 11,514</u>	<u>(680)</u>	<u>\$ 10,834</u>	<u>\$ 10,834</u>
Fund balances, beginning			11,514		
Fund balances, ending			<u>\$ 10,834</u>		

**TOWN OF WARRENTON, NORTH CAROLINA**
**SCHEDULE 20**
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP) -  
WATER AND SEWER FUND**
**YEAR ENDED JUNE 30, 2023**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Charges for services:			
Water and sewer sales	\$ -	\$ 1,419,575	\$ -
Water and sewer taps	-	7,473	-
Total operating revenues	1,501,604	1,427,048	(74,556)
Nonoperating revenues:			
Interest earnings	-	9,786	-
Miscellaneous revenue	-	1,428	-
Total nonoperating revenues	-	11,214	11,214
Total revenues	1,501,604	1,438,262	(63,342)
Expenditures:			
Operating expenditures:			
Salaries and benefits	-	352,367	-
Water purchases	-	186,041	-
Sewer purchases	-	363,229	-
Audit	-	10,667	-
Equipment maintenance	-	13,864	-
Building maintenance	-	6,904	-
Utilities	-	21,980	-
Contracted services	-	43,483	-
Insurance and bonds	-	14,915	-
Departmental supplies and materials	-	44,019	-
Uniforms	-	4,285	-
Telephone and postage	-	19,743	-
Advertising	-	327	-
Rents	-	1,000	-
Truck expense	-	14,622	-
Continuing education	-	2,046	-
Dues and permits	-	3,881	-
Certified lab expense	-	1,380	-
Computer supplies and support	-	23,623	-
Contract maintenance	-	18,831	-
Wastewater treatment plant rehab	-	24,005	-
Administrative fee	-	106,167	-
Debt service			
Principal	-	104,929	-
Interest	-	27,275	-
Total expenditures	1,463,467	1,409,583	53,884

**TOWN OF WARRENTON, NORTH CAROLINA**

SCHEDULE 20

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP) -  
WATER AND SEWER FUND**

YEAR ENDED JUNE 30, 2023

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues in excess of expenditures	\$ 38,137	\$ 28,679	\$ (9,458)
Other financing sources (uses):			
Sale of capital assets	-	8,861	-
Transfer from other funds:			
General Fund	-	7,281	-
ARP CSLFRF Fund	-	10,704	-
Transfer to other funds:			
Wastewater Treatment Plant Fund	-	(43,326)	-
NC VW Settlement Grant Fund	-	(6,748)	-
USDA Community Facilities Water & Sewer Trucks Fund	-	(136)	-
Total other financing sources (uses)	(38,137)	(23,364)	(14,773)
Revenues and other sources over expenditures	\$ -	\$ 5,315	\$ 5,315
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures		\$ 5,315	
Reconciling items:			
Principal retirement		104,929	
Interfund transfers		68,163	
Increase in deferred outflows of resources - pensions		30,879	
Increase in net pension liability		(80,548)	
Decrease in deferred inflows of resources - pensions		44,356	
Depreciation		(482,612)	
Increase in compensated absences		(1,225)	
USDA Community Facilities Water & Sewer Trucks Fund			
Grant funds		107,400	
Total reconciling items		(208,658)	
Change in net position		\$ (203,343)	

**TOWN OF WARRENTON, NORTH CAROLINA****SCHEDULE 21****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET TO ACTUAL (NON-GAAP) - SPECIAL REVENUE FUND -  
USDA COMMUNITY FACILITIES WATER & SEWER TRUCKS**

FOR THE YEAR ENDED JUNE 30, 2023

	<b>Current Authorization</b>	<b>Actual Current Year</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Federal grant	\$ 107,400	\$ 107,400	\$ -
Expenditures:			
Current:			
Public works			
Capital outlay	195,436	195,436	-
Revenues under expenditures	(88,036)	(88,036)	-
Other financing sources:			
Transfer from Water and Sewer Fund	136	136	-
USDA loan	87,900	87,900	-
Total other financing sources	88,036	88,036	-
Revenues and other financing sources over expenditures	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

**TOWN OF WARRENTON, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

**SCHEDULE 22**

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2022</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2023</b>
2022-2023	\$ -	\$ 469,012	\$ 459,854	\$ 9,158
2021-2022	7,069		4,343	2,726
2020- 2021	2,877	-	848	2,029
2019- 2020	1,747	-	574	1,173
2018- 2019	1,431	-	389	1,042
2017- 2018	1,287	-	357	930
2016- 2017	1,362	-	390	972
2015- 2016	1,357	-	386	971
2014- 2015	1,134	-	343	791
2013- 2014	1,892	-	6	1,886
2012- 2013	1,168	-	1,168	-
	<u>\$ 21,324</u>	<u>\$ 469,012</u>	<u>\$ 468,658</u>	<u>\$ 21,678</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 469,406
Reconciling items:	
Adjustments	1,224
Interest collected	(2,300)
Releases	328
Subtotal	<u>(748)</u>
Total collections and credits	<u>\$ 468,658</u>

**TOWN OF WARRENTON, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY**

SCHEDULE 23

YEAR ENDED JUNE 30, 2023

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at					
current year rate	\$ 65,067,538	0.65	\$ 422,939	\$ 422,939	\$ -
Discoveries	-	0.65	-	-	-
Registered motor vehicles	7,088,154	0.65	46,073	-	46,073
Total Property Valuation	<u>\$ 72,155,692</u>		<u>\$ 469,012</u>	<u>\$ 422,939</u>	<u>\$ 46,073</u>
Net levy			\$ 469,012	\$ 422,939	\$ 46,073
Uncollected taxes at June 30, 2023			<u>(9,158)</u>	<u>(8,929)</u>	<u>(229)</u>
Current year's taxes collected			<u>\$ 459,854</u>	<u>\$ 414,010</u>	<u>\$ 45,844</u>
Current levy collection percentage			<u>98.05%</u>	<u>97.89%</u>	<u>99.50%</u>

104 Brady Court, Cary, North Carolina 27511  
Phone 919-466-0946 Fax 919-466-0947

**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  
Members of the Board of Commissioners  
Town of Warrenton, North Carolina

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Town of Warrenton, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprises the Town of Warrenton's basic financial statements, and have issued our report thereon dated October 17, 2023.

**Report on Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when 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 a 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 a 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Warrenton'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.

  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 17, 2023

104 Brady Court, Cary, North Carolina 27511  
Phone 919-466-0946 Fax 919-466-0947

**Report on Compliance for Each Major State Program;  
Report on Internal Control Over Compliance; With OMB Uniform Guidance  
and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Commissioners  
Town of Warrenton, North Carolina

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Town of Warrenton, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Warrenton's major state program for the year ended June 30, 2023. The Town of Warrenton's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Town of Warrenton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town of Warrenton and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Warrenton's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Warrenton's State programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Warrenton's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Warrenton's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Warrenton's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Town of Warrenton's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Warrenton's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
\_\_\_\_\_  
JOYCE AND COMPANY, CPA  
Cary, North Carolina

October 17, 2023

Town of Warrenton, North Carolina  
**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2023

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency (s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statement noted \_\_\_\_\_ yes      X   no

**Federal Awards**

The Town of Warrenton has no major federal programs.

**State Awards**

Internal control over major state program:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major state program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act \_\_\_\_\_ yes      X   no

Identification of major state program: Community Development Block Grant - Neighborhood Revitalization

**Section II. Financial Statement Findings**

None reported

**Section III. Federal Award Findings and Questioned Costs**

None reported

**Section IV. State Award Findings and Questioned Costs**

None reported

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:**

**Finding 2022 - 1**

Untimely Audit Submission

Status: The Town has taken steps necessary to prevent future delays in its annual audit submission to the Local Government Commission.

**Finding 2021 - 1**

Untimely Audit Submission

Status: The Town has taken steps necessary to prevent future delays in its annual audit submission to the Local Government Commission.

**TOWN OF WARRENTON, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ended June 30, 2023

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>State/Pass-Through Grantor's Number</u>	<u>Federal Direct and Pass-Through Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Grants:</b>					
<b>Cash Programs:</b>					
<u>United States Department of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Passed-through Wake County:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0492	\$ 133,479	\$ -	\$ -
<u>Environmental Protection Agency</u>					
Brownfield Assessment and Cleanup	66.818	02D08021	90,295	-	-
<u>United States Department of Justice</u>					
Passed-through the N.C. Dept. of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-00633-JAGX	19,936	-	-
<u>United States Department of Agriculture</u>					
Community Facilities Loans and Grants	10.766	N/A	302,100	-	-
Total assistance-federal programs			545,810	-	-
<b>State Grants:</b>					
<b>Cash Programs:</b>					
<u>North Carolina Department of Commerce</u>					
Community Development Block Grant - Neighborhood Revitalization	N/A	18-C-3079	-	457,602	-
<u>North Carolina Department of Environmental Quality</u>					
Volkswagen Mitigation Settlement	N/A	45864VW	-	55,798	12,228
<u>North Carolina Department of Transportation</u>					
Non-State System Street-Aid Allocation					
Powell Bill	N/A	DOT-4	-	11,011	-
Total federal and state assistance			\$ 545,810	\$ 524,411	\$ 12,228

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

*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 Warrenton under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Town of Warrenton, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Warrenton.

*Summary of Significant Accounting Policies* Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Warrenton has elected not to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

*Loans Outstanding* The Town of Warrenton had the following loan balances outstanding at June 30, 2023 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 20, 2023 consist of:

<u>Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>Pass-Through Grantor's Number</u>	<u>Amount Outstanding</u>
Community Facilities Loans and Grants	10.766	-	\$ 87,900
Waste Water Treatment Plant Rehabilitation	N/A	E-SRP-W-17-0038	\$ 424,919