

**TOWN OF WARRENTON,
NORTH CAROLINA**

ANNUAL FINANCIAL REPORT

***As of and for the Year Ended June 30, 2024
And Reports of Independent Auditor***

BOARD OF COMMISSIONERS

Walter M. Gardner, Jr. - Mayor

Mary Hunter -- Mayor Pro Tem

Aaron Ayscue

John Blalock

Dian Sourelis

Michael Coffman

Nat White

Jason Young

ADMINISTRATIVE AND FINANCIAL STAFF

Meredith Valentine - Finance Director

Robert Davie, Jr. - Town Administrator

TOWN OF WARRENTON, NORTH CAROLINA

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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, 2024, 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, 2024, 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 49 through 50, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 47 through 48 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 21, 2024 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 21, 2024

TOWN OF WARRENTON, NORTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town’s financial statements, which follow this narrative.

Financial Highlights

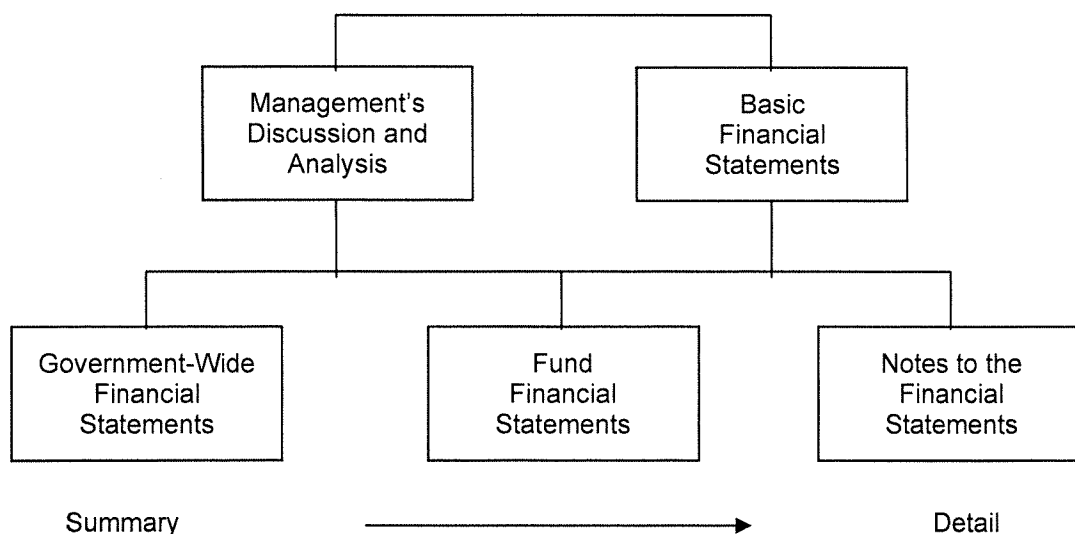
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,139,957 (net position). (Exhibit 1)
- The government’s total net position decreased by \$566,450 primarily due to decreases in water and sewer activities.
- At the close of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$1,073,989 with a net change of \$19,032 in fund balance. Approximately 29.70% of this total amount, or \$319,007, is non-spendable or restricted.
- At the end of the current fiscal year, the total fund balance for the General fund was \$1,331,870 and the unassigned portion of that fund balance was \$765,592, or 57.48%, 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, 2024

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, 2024

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 47 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, 2024

Government-Wide Financial Analysis Town of Warrenton's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Current and other assets	\$ 1,336,462	\$ 1,395,249	\$ 939,963	\$ 1,063,856	\$ 2,276,425	\$ 2,459,105
Capital and right to use assets	687,658	634,764	11,541,482	12,093,480	12,229,140	12,728,244
Deferred outflows of resources	363,385	347,389	229,090	217,916	592,475	565,305
Total assets and deferred outflows of resources	2,387,505	2,377,402	12,710,535	13,375,252	15,098,040	15,752,654
Long-term liabilities	750,518	630,363	3,746,295	3,837,800	4,496,813	4,468,163
Other liabilities	58,808	69,622	208,939	234,324	267,747	303,946
Deferred inflows of resources	191,507	273,192	2,036	946	193,543	274,138
Total liabilities and deferred inflows of resources	1,000,833	973,177	3,957,270	4,073,070	4,958,103	5,046,247
Net Position:						
Invested in capital assets,						
net of related debt	435,320	448,647	8,093,261	8,516,418	8,528,581	8,965,065
Restricted	319,087	320,551	2,489	1,095	321,576	321,646
Unrestricted	632,265	635,027	657,535	784,669	1,289,800	1,419,696
Total Net Position	\$ 1,386,672	\$ 1,404,225	\$ 8,753,285	\$ 9,302,182	\$ 10,139,957	\$ 10,706,407

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$10,139,867 as of June 30, 2024. The Town's net position decreased by \$566,450 for the fiscal year ended June 30, 2024. 84.11% 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, \$321,576 (3.17%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,289,800 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 96.51%.

TOWN OF WARRENTON, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Town of Warrenton's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues						
Program Revenues:						
Charges for services	\$ 275,283	\$ 248,337	\$ 2,293,137	\$ 2,264,633	\$ 2,568,420	\$ 2,512,970
Operating grants and contributions	404,319	756,398	-	-	404,319	756,398
Capital grants and contributions	31,826	80,413	-	107,400	31,826	187,813
General Revenues:						
Property taxes	497,002	469,760	-	-	497,002	469,760
Other taxes	469,288	453,623	-	-	469,288	453,623
Other	51,042	50,415	26,447	20,434	77,489	70,849
Total Revenues	1,728,760	2,058,946	2,319,584	2,392,467	4,048,344	4,451,413
Expenses:						
General government	340,120	346,178	-	-	340,120	346,178
Public safety	668,420	710,387	-	-	668,420	710,387
Transportation	193,694	195,809	-	-	193,694	195,809
Environmental protection	274,670	202,183	-	-	274,670	202,183
Economic and physical development	256,085	517,671	-	-	256,085	517,671
Interest on long-term debt	6,043	1,469	-	-	6,043	1,469
Water and sewer	-	-	2,875,762	2,538,782	2,875,762	2,538,782
Total Expenses	1,739,032	1,973,697	2,875,762	2,538,782	4,614,794	4,512,479
Transfers	(7,281)	(79,263)	7,281	79,263	-	-
Change in net position	(17,553)	5,986	(548,897)	(67,052)	(566,450)	(61,066)
Net position, beginning	1,404,225	1,398,239	9,302,182	9,369,234	10,706,407	10,767,473
Net position, June 30	\$ 1,386,672	\$ 1,404,225	\$ 8,753,285	\$ 9,302,182	\$ 10,139,957	\$ 10,706,407

Governmental Activities – Governmental activities decreased the Town's net position by \$17,553, thereby accounting for 3.1% of the total change in the net position of the Town.

Business-Type Activities – Business-type activities decreased the Town's net position by \$548,897, thereby accounting for 96.9% 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.

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 OF WARRENTON, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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 \$765,592, while total fund balance decreased to \$1,081,401. 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 62.48% of the total General Fund expenditures, while total fund balance represents 88.26% 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 \$6,777, and that of the Water and Sewer Fund amounted to \$664,312. The total change in net position for both funds was \$(50,460) and \$(498,437), 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, 2024, totaled \$12,229,140 (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, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Land	\$ 84,026	\$ 29,500	\$ 5,250	\$ 5,250	\$ 89,276	\$ 34,750
Buildings and system	700	930	96,502	100,896	97,202	101,826
Improvements	277,447	137,756	9,680,564	9,950,907	9,958,011	10,088,663
Water and sewer lines	-	-	1,344,800	1,552,711	1,344,800	1,552,711
Machinery and equipment	165,750	155,333	40,864	32,371	206,614	187,704
Vehicles and motorized equipment	96,414	133,955	197,452	250,145	293,866	384,100
Intangible assets	-	-	176,050	201,200	176,050	201,200
Construction in progress	347	79,967	-	-	347	79,967
Leased buildings	62,974	97,323	-	-	62,974	97,323
Total	\$ 687,658	\$ 634,764	\$ 11,541,482	\$ 12,093,480	\$ 12,229,140	\$ 12,728,244

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, 2024

Long-Term Debt – As of June 30, 2024, the Town had total debt outstanding of \$3,695,558. Of this, \$3,695,558 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 \$5,275,611.

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 4.1%, Warren County was 6.2%.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities – Revenues and expenditures are expected to remain comparable with 2023-2024 revenues and expenditures. Property taxes are increased to \$.70 cents.

Business-Type Activities – Revenues and expenditures are expected to remain comparable with 2023-2024 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, 2024

Exhibit 1

	Primary Government	
	Governmental	Business-Type
	Activities	Activities
		Total
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 842,815	\$ 453,454
Restricted cash	101,158	101,801
Taxes receivables (net)	30,554	-
Accounts receivable (net) - trade	17,959	194,237
Prepaid expenses	-	573
Due from other governments	159,578	60,535
Lease receivable	29,206	-
Inventories	-	129,383
Total current assets	1,181,270	939,983
Noncurrent Assets:		
Leases receivable, non-current	155,192	-
Capital Assets:		
Land, non-depreciable improvements, and construction in progress	84,373	5,250
Other capital assets, net of depreciation	540,311	11,536,232
Right to use leased assets, net of amortization	62,974	-
Total capital assets	687,658	11,541,482
Total noncurrent assets	842,850	11,541,482
Total assets	2,024,120	12,481,465
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	363,385	229,090
Total deferred outflows of resources	363,385	229,090
LIABILITIES		
Current Liabilities:		
Accounts payable	32,715	80,618
Accrued payroll	26,093	29,009
Deposits held	-	99,312
Current portion of long-term liabilities	79,261	147,315
Long-Term Liabilities:		
Net pension liability - LGERS	391,583	261,056
Total pension liability - LEOSSA	75,943	-
Due in more than one year	203,731	3,337,924
Total liabilities	809,326	3,955,234
DEFERRED INFLOWS OF RESOURCES		
Leases	171,111	-
Grants	2,000	-
Pension deferrals	18,396	2,036
Total deferred inflows of resources	191,507	2,036
NET POSITION		
Net investment in capital assets	435,320	8,093,261
Restricted for:		
Streets	59,198	-
Stabilization by State Statute	219,929	-
Economic and physical development	30,990	-
Restricted pursuant to loan requirements	8,970	2,489
Unrestricted	632,265	657,535
Total net position	\$ 1,386,672	\$ 8,753,285

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, 2024

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	\$ 340,120	\$ 34,088	\$ 48,562	\$ -	\$ (257,470)	\$ -	\$ (257,470)
Public safety	668,420	-	-	-	(668,420)	-	(668,420)
Streets	193,694	-	-	31,826	(161,868)	-	(161,868)
Environmental protection	274,670	204,876	155,091	-	85,297	-	85,297
Economic and physical development	256,085	36,319	200,666	-	(19,100)	-	(19,100)
Interest on long-term debt	6,043	-	-	-	(6,043)	-	(6,043)
Total governmental activities	1,739,032	275,283	404,319	31,826	(1,027,604)	-	(1,027,604)
Business-Type Activities:							
Wastewater treatment	938,737	877,535	-	-	-	(61,202)	(61,202)
Water and sewer	1,937,025	1,415,602	-	-	-	(521,423)	(521,423)
Total business-type activities	2,875,762	2,293,137	-	-	-	(582,625)	(582,625)
Total primary government	\$ 4,614,794	\$ 2,568,420	\$ 404,319	\$ 31,826	(1,027,604)	(582,625)	(1,610,229)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					497,002	-	497,002
Other taxes					469,288	-	469,288
Unrestricted investment earnings					35,462	14,480	49,942
Miscellaneous					15,580	11,967	27,547
Total general revenues					1,017,332	26,447	1,043,779
Transfers					(7,281)	7,281	-
Total general revenues and transfers					1,010,051	33,728	1,043,779
Change in net position					(17,553)	(548,897)	(566,450)
Net position, beginning					1,404,225	9,302,182	10,706,407
Net position, ending					\$ 1,386,672	\$ 8,753,285	\$ 10,139,957

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, 2024

Exhibit 3

	Major Funds			
	General	Neighborhood Revitalization CDBG Grant	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 842,815	\$ -	\$ -	\$ 842,815
Restricted cash	68,168	-	32,990	101,158
Receivables, net:				
Taxes	30,554	-	-	30,554
Accounts - trade	17,529	-	430	17,959
Due from other funds	47,543	-	-	47,543
Due from other governments	140,863	10,471	8,244	159,578
Lease receivable	184,398	-	-	184,398
Total assets	<u>1,331,870</u>	<u>10,471</u>	<u>41,664</u>	<u>1,384,005</u>
LIABILITIES				
Accounts payable - trade	\$ 23,418	\$ 128	\$ 9,169	\$ 32,715
Accrued payroll	26,093	-	-	26,093
Due to other funds	-	10,471	37,072	47,543
Total liabilities	<u>49,511</u>	<u>10,599</u>	<u>46,241</u>	<u>106,351</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	30,554	-	-	30,554
Grants	-	-	2,000	2,000
Leases	170,404	-	707	171,111
Total deferred inflows of resources	<u>200,958</u>	<u>-</u>	<u>2,707</u>	<u>203,665</u>
FUND BALANCES				
Fund balances:				
Restricted:				
Stabilization by State Statute	219,929	-	-	219,929
USDA	8,970	-	-	8,970
Streets	59,198	-	-	59,198
Economic and physical development	-	-	30,990	30,990
Assigned:				
Subsequent year's expenditures	27,712	-	-	27,712
Unassigned	<u>765,592</u>	<u>(128)</u>	<u>(38,274)</u>	<u>727,190</u>
Total fund balances	<u>1,081,401</u>	<u>(128)</u>	<u>(7,284)</u>	<u>1,073,989</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,331,870</u>	<u>\$ 10,471</u>	<u>\$ 41,664</u>	<u>\$ 1,384,005</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, 2024

Exhibit 3

Fund balances-total governmental funds \$ 1,073,989

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	\$ 1,182,854	
Less accumulated depreciation	<u>(558,170)</u>	624,684

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>(40,074)</u>	62,974

Deferred outflows of resources related to pensions are not reported in the funds 363,385

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	(188,370)	
Lease liability	(63,968)	
Compensated absences	(30,654)	
Net pension liability (LGERS)	(391,583)	
Total pension liability (LEO)	<u>(75,943)</u>	(750,518)

Earned revenues considered deferred inflows of resources in fund statements 30,554

Deferred inflows of resources related to pensions are not reported in the funds (18,396)

Net position of governmental activities \$ 1,386,672

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

	Major Funds			
	General	Neighborhood Revitalization CDBG Grant	Total Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 488,126	\$ -	\$ -	\$ 488,126
Unrestricted intergovernmental	469,288	-	-	469,288
Restricted intergovernmental	31,826	200,666	203,653	436,145
Permits and fees	7,310	-	-	7,310
Sales and services	231,654	-	-	231,654
Investment earnings	35,462	-	-	35,462
Miscellaneous	15,580	-	36,319	51,899
Total revenues	<u>1,279,246</u>	<u>200,666</u>	<u>239,972</u>	<u>1,719,884</u>
Expenditures:				
General government	261,079	-	34,735	295,814
Public safety	611,027	-	-	611,027
Streets	190,453	-	-	190,453
Economic and physical development	-	200,794	55,291	256,085
Environmental protection	116,227	-	155,091	271,318
Debt service:				
Principal	25,428	-	-	25,428
Interest and other charges	6,043	-	-	6,043
Capital outlay	15,000	-	147,403	162,403
Total expenditures	<u>1,225,257</u>	<u>200,794</u>	<u>392,520</u>	<u>1,818,571</u>
Excess (deficiency) of revenues over expenditures	<u>53,989</u>	<u>(128)</u>	<u>(152,548)</u>	<u>(98,687)</u>
Other financing sources (uses):				
Debt issuance	-	-	125,000	125,000
Transfers from other funds	4,369	-	97,021	101,390
Transfers to other funds	(90,475)	-	(18,196)	(108,671)
Total other financing sources (uses)	<u>(86,106)</u>	<u>-</u>	<u>203,825</u>	<u>117,719</u>
Net change in fund balance	(32,117)	(128)	51,277	19,032
Fund balances, beginning	<u>1,113,518</u>	<u>-</u>	<u>(58,561)</u>	<u>1,054,957</u>
Fund balances, ending	<u>\$ 1,081,401</u>	<u>\$ (128)</u>	<u>\$ (7,284)</u>	<u>\$ 1,073,989</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, 2024****Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$	19,032
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	162,403	
Depreciation and amortization expense for governmental assets	<u>(109,509)</u>	52,894
Right to use leased asset capital outlay expenditures which were capitalized		
Principal payments on leases		33,351
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		8,876
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		111,358
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	(125,000)	
Principal payments on long-term debt	<u>25,428</u>	(99,572)
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	(158,239)	
Compensated absences	<u>14,747</u>	(143,492)
Total changes in net position of governmental activities	\$	<u>(17,553)</u>

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

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

Exhibit 6

YEAR ENDED JUNE 30, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 503,761	\$ 511,761	\$ 488,126	\$ (23,635)
Unrestricted intergovernmental	471,000	501,354	469,288	(32,066)
Restricted intergovernmental	29,013	29,013	31,826	2,813
Permits and fees	3,650	5,450	7,310	1,860
Sales and services	240,564	250,598	231,654	(18,944)
Investment earnings	50	20,050	35,462	15,412
Miscellaneous	75,509	13,940	15,580	1,640
Total revenues	<u>1,323,547</u>	<u>1,332,166</u>	<u>1,279,246</u>	<u>(52,920)</u>
Expenditures:				
General government	261,195	281,686	276,079	5,607
Public safety	685,978	695,991	611,027	84,964
Streets	218,107	209,342	190,453	18,889
Environmental protection	121,021	119,021	116,227	2,794
Debt service:				
Principal retirement	20,708	25,430	25,428	2
Interest and other charges	2,846	6,045	6,043	2
Total expenditures	<u>1,309,855</u>	<u>1,337,515</u>	<u>1,225,257</u>	<u>112,258</u>
Revenues over expenditures	<u>13,692</u>	<u>(5,349)</u>	<u>53,989</u>	<u>59,338</u>
Other financing sources (uses):				
Transfers from other funds	-	4,369	4,369	-
Transfers to other funds	(24,932)	(93,256)	(90,475)	2,781
Appropriated fund balance	11,240	94,236	-	(94,236)
Total other financing sources (uses)	<u>(13,692)</u>	<u>5,349</u>	<u>(86,106)</u>	<u>(91,455)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(32,117)</u>	<u>\$ (32,117)</u>
Fund balances, beginning			<u>1,113,518</u>	
Fund balances, ending			<u>\$ 1,081,401</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, 2024

Exhibit 7

	Wastewater Treatment Fund	Water and Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,841	\$ 448,613	\$ 453,454
Restricted cash	-	101,801	101,801
Accounts receivable, net	-	194,237	194,237
Prepaid expenses	573	-	573
Due from other governments	60,535	-	60,535
Inventories	-	129,383	129,383
Total current assets	65,949	874,034	939,983
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	5,250	5,250
Other capital assets, net of depreciation	2,141,480	9,394,752	11,536,232
Capital assets (net)	2,141,480	9,400,002	11,541,482
Total noncurrent assets	2,141,480	9,400,002	11,541,482
Total assets	2,207,429	10,274,036	12,481,465
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	114,545	114,545	229,090
Total deferred outflows of resources	114,545	114,545	229,090
LIABILITIES			
Current Liabilities:			
Accounts payable	17,629	62,989	80,618
Accrued payroll	10,258	18,751	29,009
Customer deposits	-	99,312	99,312
Compensated absences - current	12,436	6,917	19,353
Installment purchases - current	23,606	104,356	127,962
Total current liabilities	63,929	292,325	356,254
Noncurrent Liabilities:			
Compensated absences - noncurrent	15,402	2,264	17,666
Net pension liability	130,528	130,528	261,056
Installment purchases - noncurrent	377,706	2,942,552	3,320,258
Total noncurrent liabilities	523,636	3,075,344	3,598,980
Total liabilities	587,565	3,367,669	3,955,234
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,018	1,018	2,036
Total deferred inflows of resources	1,018	1,018	2,036
NET POSITION			
Net investment in capital assets	1,740,168	6,353,093	8,093,261
Restricted pursuant to loan requirements	-	2,489	2,489
Unrestricted	(6,777)	664,312	657,535
Total net position	\$ 1,733,391	\$ 7,019,894	\$ 8,753,285

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, 2024****Exhibit 8**

	Wastewater Treatment Fund	Water and Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 877,535	\$ 1,415,602	\$ 2,293,137
Other operating revenues	10,740	1,227	11,967
Total operating revenues	<u>888,275</u>	<u>1,416,829</u>	<u>2,305,104</u>
Operating Expenses:			
Administration	369,312	414,644	783,956
Water and sewer operations	-	975,947	975,947
Water collection and treatment	511,039	-	511,039
Depreciation	58,386	510,668	569,054
Total operating expenses	<u>938,737</u>	<u>1,901,259</u>	<u>2,839,996</u>
Operating income (loss)	<u>(50,462)</u>	<u>(484,430)</u>	<u>(534,892)</u>
Nonoperating Revenues (Expenses):			
Investment earnings	2	14,478	14,480
Interest and other charges	-	(35,766)	(35,766)
Total nonoperating revenue (expenses)	<u>2</u>	<u>(21,288)</u>	<u>(21,286)</u>
Loss before contributions and transfers	<u>(50,460)</u>	<u>(505,718)</u>	<u>(556,178)</u>
Transfers from other funds	<u>-</u>	<u>7,281</u>	<u>7,281</u>
Change in net position	(50,460)	(498,437)	(548,897)
Total net position, beginning	1,783,851	7,518,331	9,302,182
Total net position, ending	<u>\$ 1,733,391</u>	<u>\$ 7,019,894</u>	<u>\$ 8,753,285</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, 2024

Exhibit 9

	Wastewater Treatment Fund	Water and Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 918,116	\$ 1,419,876	\$ 2,337,992
Cash paid for goods and services	(578,765)	(1,007,658)	(1,586,423)
Cash paid to or on behalf of employees for services	(332,804)	(364,826)	(697,630)
Net customer deposits	-	(60)	(60)
Net cash from operating activities	<u>6,547</u>	<u>47,332</u>	<u>53,879</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers (to) from other funds	-	7,281	7,281
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>7,281</u>	<u>7,281</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(5,685)	(11,371)	(17,056)
Principal paid on notes payable	(23,607)	(105,234)	(128,841)
Interest paid on notes payable	-	(35,766)	(35,766)
Net cash used by capital and related financing activities	<u>(29,292)</u>	<u>(152,371)</u>	<u>(181,663)</u>
Cash Flows from Investing Activities:			
Interest and dividends	<u>2</u>	<u>14,478</u>	<u>14,480</u>
Net increase (decrease) in cash and cash equivalents	(22,743)	(83,280)	(106,023)
Balances, beginning	<u>27,584</u>	<u>633,694</u>	<u>661,278</u>
Balances, ending	<u><u>4,841</u></u>	<u><u>550,414</u></u>	<u><u>555,255</u></u>
Reconciliation of operating income to net cash from by operating activities:			
Operating income (loss)	<u>(50,462)</u>	<u>(484,430)</u>	<u>(534,892)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	58,386	510,668	569,054
Changes in assets and liabilities:			
Decrease in accounts receivable	29,841	3,047	32,888
Increase in inventory	-	(15,038)	(15,038)
Increase in deferred outflows of resources - pensions	(5,587)	(5,587)	(11,174)
Increase in net pension liability	18,602	18,602	37,204
Increase in deferred inflows of resources - pensions	545	545	1,090
Increase (decrease) in accounts payable	(49,100)	13,838	(35,262)
Increase in accrued payroll	1,354	8,582	9,936
Decrease in customer deposits	-	(60)	(60)
Increase (decrease) in compensated absences	2,968	(2,835)	133
Total adjustments	<u>57,009</u>	<u>531,762</u>	<u>588,771</u>
Net cash from operating activities	<u><u>\$ 6,547</u></u>	<u><u>\$ 47,332</u></u>	<u><u>\$ 53,879</u></u>

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, 2024

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 \$0.70 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, 2024

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:

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.

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.

Golden Leaf Stormwater Improvements Capital Project Fund. This fund is a capital project fund used to account for the financial resources used in the improvement of the Town's stormwater infrastructure.

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. The budgetary comparison for the Water and Sewer Funds has 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.

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)

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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.

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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 Neighborhood Revitalization CDBG Grant Fund, SR American Rescue Plan Grant Fund, EPA Brownfield Assessment Grant Fund, Parking Lot Capital Project Fund, Golden Leaf Stormwater Improvements 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 marked 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.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected 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, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Town of Warrenton Restricted Cash	
Governmental Activities:	
General Fund	
Streets	\$ 59,198
Economic Development	18,337
American Rescue plan	2,000
Stormwater improvements	12,653
USDA	8,970
Total governmental funds	<u>101,158</u>
Business-Type Activities:	
Water and Sewer Fund	
Customer deposits	99,312
USDA	2,489
Total business-type activities	<u>101,801</u>
Total restricted cash	<u>\$ 169,969</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

5. Allowances for Doubtful Accounts

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

6. 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.

7. 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.

8. 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

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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:

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

9. 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.

10. 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.

11. 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.

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.

12. 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

TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

13. 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, 2024, Town staff and the Town Council elected to use \$48,562 ARPA funds as revenue replacement. Of the \$48,562, \$33,335 was expended for building repairs and zoning compliance software in the General Fund, \$13,827 was transferred to the Parking Lot Fund and \$1,400 was expended in Utility Fund repairs.

14. 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.

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.

TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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.

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

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

Deficit in Fund Balance of Individual Funds

The nonmajor Frontier Warren Fund is reporting a deficit fund balance of \$38,274. Donations and rents were less than expected for Frontier Warren, causing a deficit fund balance of \$38,274. The plan is to increase rental income in Fiscal Year 2025 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 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, 2024, the Town's deposits had a carrying amount of \$647,317 and a bank balance of \$656,016. 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, 2024, the Town's cash on hand totaled \$100.

2. Investments

Investment balances as of June 30, 2024, were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2024</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust- Government Portfolio	Fair Value Level 1	\$ 851,811	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.

TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

II. DETAIL NOTES ON ALL FUNDS (continued):

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, 2024.

3. Receivables – Allowances for Doubtful Accounts

Receivables shown in Exhibit 1 as of June 30, 2024, reflect the uncollected portion of property tax levies reduced for a portion not expected to be collected and are summarized as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental Activities:				
General	\$ 24,724	\$ 30,554	\$ 140,863	\$ 196,141
Other governmental	430	-	18,715	19,145
Allowance for doubtful accounts	(7,195)	-	-	(7,195)
Total governmental activities	\$ 17,959	\$ 30,554	\$ 159,578	\$ 208,091
Business-Type Activities:				
Wastewater treatment	\$ -	\$ -	\$ 60,535	\$ 60,535
Water and sewer	316,097	-	-	316,097
Allowance for doubtful accounts	(121,860)	-	-	(121,860)
Total business-type activities	\$ 194,237	\$ -	\$ 60,535	\$ 254,772

Due from other governments consisted of the following:

Governmental Activities

Warren County	\$ 8,880
Local option sales tax	91,041
Motor fuel tax refund	507
Franchise tax	19,400
Sales tax claim for refund	21,035
Neighborhood Revitalization CDBG Grant Fund	10,471
EPA Brownfield Assessment Grant Fund	8,244
	\$ 159,578

Business-type Activities

Town of Norlina	29,060
Warren County	31,475
	\$ 60,535

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

TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

II. DETAIL NOTES ON ALL FUNDS (continued):

3.6%, which was the Town's incremental borrowing rate at initial lease recognition. In fiscal year 2024, the Town recognized \$26,778 of lease revenue and \$6,458 of interest revenue under the lease. The remaining lease receivable at June 30, 2024 was \$184,398 on this lease.

5. Capital Assets

Primary Government

For the year ended June 30, 2024, capital asset activity was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 29,500	\$ 54,526	\$ -	\$ 84,026
Construction in progress	79,967	147,403	227,023	347
	<u>109,467</u>	<u>201,929</u>	<u>227,023</u>	<u>84,373</u>
Capital assets being depreciated:				
Buildings	6,773	-	-	6,773
Equipment	269,490	27,241	-	296,731
Improvements	214,984	160,256	-	375,240
Vehicles and motorized equipment	504,986	-	85,251	419,735
Total depreciable capital assets	<u>996,233</u>	<u>187,497</u>	<u>85,251</u>	<u>1,098,479</u>
Less accumulated depreciation for:				
Buildings	5,843	230	-	6,073
Equipment	114,157	16,824	-	130,981
Improvements	77,228	20,565	-	97,793
Vehicles and motorized equipment	371,031	37,541	85,251	323,321
Total accumulated depreciation	<u>568,259</u>	<u>75,160</u>	<u>85,251</u>	<u>558,168</u>
Total capital assets being depreciated, net	<u>427,974</u>	<u>112,337</u>	<u>-</u>	<u>540,311</u>
Capital assets being amortized:				
Leased buildings	<u>103,048</u>	<u>-</u>	<u>-</u>	<u>103,048</u>
Less accumulated amortization for:				
Leased buildings	<u>5,725</u>	<u>34,349</u>	<u>-</u>	<u>40,074</u>
Total capital assets being amortized, net	<u>97,323</u>	<u>(34,349)</u>	<u>-</u>	<u>62,974</u>
Governmental activities capital assets, net	<u>\$ 634,764</u>	<u>\$ 279,917</u>	<u>\$ 227,023</u>	<u>\$ 687,658</u>

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

Governmental Activities:	
General government	\$ 69,807
Public safety	39,702
Total	<u>\$ 109,509</u>

TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

II. DETAIL NOTES ON ALL FUNDS (continued):

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-Type Activities:				
Wastewater Treatment Fund:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital Assets, Being Depreciated:				
Improvements	2,188,425	-	-	2,188,425
Equipment	133,969	5,685	-	139,654
Total capital assets, being depreciated	2,322,394	5,685	-	2,328,079
Less Accumulated Depreciation for:				
Improvements	3,810	54,720	-	58,530
Equipment	124,403	3,666	-	128,069
Total accumulated depreciation	128,213	58,386	-	186,599
Total capital assets, being depreciated, net	2,194,181			2,141,480
Wastewater Treatment Fund capital assets	2,194,181			2,141,480
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	5,250	-	-	5,250
Construction in progress	-	-	-	-
Total capital assets not being depreciated	5,250	-	-	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	483,670	-	-	483,670
Intangibles	251,500	-	-	251,500
Equipment	241,591	11,371	-	252,962
Total capital assets being depreciated	15,432,808	11,371	-	15,444,179
Less Accumulated Depreciation for:				
Water and sewer lines	4,300,332	207,911	-	4,508,243
Water and sewer plant	69,085	4,395	-	73,480
Improvements	666,730	215,623	-	882,353
Vehicles	233,525	52,693	-	286,218
Intangibles	50,300	25,150	-	75,450
Equipment	218,787	4,896	-	223,683
Total accumulated depreciation	5,538,759	\$ 510,668	\$ -	6,049,427
Total capital assets being depreciated, net	9,894,049			9,394,752
Water and Sewer Fund capital assets, net	9,899,299			9,400,002
Business-type activities capital assets, net	\$ 12,093,480			\$ 11,541,482

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

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

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 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.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of 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, 2024, was 20.89% of compensation for law enforcement officers and 19.70% 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 \$185,596 for the year ended June 30, 2024.

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.

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

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

At June 30, 2024, the Town reported a liability of \$652,639 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the Town's proportion was .00985%, which was a decrease of .00007% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$257,289. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 72,723	\$ 1,566
Changes of assumptions	27,733	-
Net difference between projected and actual earnings pension plan investments	174,675	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	112,000	3,524
Town contributions subsequent to the measurement date	185,596	-
Total	<u>\$ 572,727</u>	<u>\$ 5,090</u>

\$185,596 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:

Year ended June 30:	
2025	\$ 150,180
2026	86,333
2027	138,143
2028	7,385
Total	<u>\$ 382,041</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 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

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

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

The actuarial assumptions used in the December 31, 2022 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, 2024 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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
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 2.50%. 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 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 1,130,671	\$ 652,639	\$ 259,078

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, 2022, 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, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 year High Grade Rate Index as of December 31, 2022.

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, 2024, the Town reported a total pension liability of \$75,943. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$6,204.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,753	\$ 6,849
Changes of assumptions	13,995	8,493
Total	<u>\$ 19,748</u>	<u>\$ 15,342</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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 931
2026	2,228
2027	2,112
2028	672
2029	(1,461)
Thereafter	(76)

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 4.00 percent, as well as what the Town's

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 80,288	\$ 75,943	\$ 71,844

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

	2024
Beginning balance	\$ 63,067
Service cost	5,481
Interest on the total pension liability	2,718
Differences between expected and actual experience in the measurement of the total pension liability	3,516
Changes of assumptions or other inputs	1,161
Ending balance of the total pension liability	<u>\$ 75,943</u>

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

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	\$ 257,289	\$ 6,204	\$ 263,493
Pension Liability	652,639	75,943	728,582
Proportionate share of the net pension liability	.00985%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	72,723	5,753	78,476
Changes of assumptions	27,733	13,995	41,728
Changes in proportion and differences between contributions and proportionate share of contributions	112,000	-	112,000
Benefit payments and administrative costs paid subsequent to the measurement date	185,596	-	185,596
Net difference between projected and actual earnings on plan investments	174,675	-	174,675
Deferred Inflows of Resources			
Differences between expected and actual experience	1,566	6,849	8,415
Changes in proportion and differences between contributions and proportionate share of contributions	3,524	-	3,524
Changes of assumptions	-	8,493	8,493

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024, were \$8,690, which consisted of \$8,690 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, 2024**

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	\$	185,596
Pension deferrals		<u>406,879</u>
Total	\$	<u>592,475</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)	\$ -	\$ 30,554
Leases Receivable (General Fund)	170,404	170,404
Leases Receivable (Special Revenue Fund)	707	707
Grants (American Rescue Plan Grant Fund)	2,000	2,000
Pension deferrals	20,432	-
Total	<u>\$ 193,543</u>	<u>\$ 203,665</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 \$382,172, 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, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

4. Long-Term Obligations

Installment Purchase

Government Activities:

An agreement was executed on August 15, 2023 for \$125,000 to construct a Town parking lot. This agreement requires 20 semi-annual payments of \$8,121, including interest of 5.27%. \$ 120,173

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% 4,629

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% 15,345

An agreement was executed on March 20, 2024 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% 48,223

Total installment purchase contracts \$ 188,370

The annual requirements to retire all installment purchase contracts outstanding as of June 30, 2024, are as follows:

Year Ended June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 27,042	\$ 8,383	\$ 35,425
2026	23,341	7,304	30,645
2027	24,305	6,340	30,645
2028	19,889	5,330	25,219
2029	20,782	4,437	25,219
2030-2034	73,011	9,051	82,062
Total	\$ 188,370	\$ 40,845	\$ 229,215

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

Business-Type Activities:

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%.	\$	5,644
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.		89,788
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.		140,407
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 2024.		123,750
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.		401,313
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%		207,012
\$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%.		1,697,000
\$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%.		707,000
An agreement was executed on January 10, 2024 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)		60,290
An agreement was executed on January 10, 2024 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)		16,016
Total installment purchase contracts	\$	<u>3,448,220</u>

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

The annual requirements to retire all installment purchase contracts outstanding as of June 30, 2024, are as follows:

Year Ended June 30	Business-Type Activities		
	Principal	Interest	Total
2025	\$ 127,962	\$ 34,346	\$ 162,308
2026	123,698	32,893	156,591
2027	124,082	31,615	155,697
2028	126,476	30,328	156,804
2029	126,877	29,011	155,888
2030-2034	580,066	126,999	707,065
2035-2039	530,149	105,210	635,359
2040-2044	421,533	85,447	506,980
2045-2049	379,797	64,558	444,355
2050-2054	400,782	42,525	443,307
2055-2059	423,895	19,228	443,123
2060	82,903	903	83,806
Total	<u>\$ 3,448,220</u>	<u>\$ 603,063</u>	<u>\$ 4,051,283</u>

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 \$62,974 at June 30, 2024. 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, 2024, were as follows:

Year Ended June 30	Principal	Interest	Total
2025	\$ 34,410	\$ 1,590	\$ 36,000
2026	29,558	442	30,000
Total	<u>\$ 63,968</u>	<u>\$ 2,032</u>	<u>\$ 66,000</u>

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

Changes in Long-Term Obligations

	Beginning Of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
Installment purchases	\$ 88,798	\$ 125,000	\$ 25,428	\$ 188,370	\$ 27,042
Lease liabilities	97,319	-	33,351	63,968	34,410
Net pension liability (LGERS)	335,778	167,162	111,357	391,583	-
Net pension liability (LEOSSA)	63,067	12,876	-	75,943	-
Compensation absences	45,401	27,751	42,498	30,654	17,809
Total governmental activities	<u>\$ 630,363</u>	<u>\$ 332,789</u>	<u>\$ 212,634</u>	<u>\$ 750,518</u>	<u>\$ 79,261</u>
Business-Type Activities:					
Installment purchases	\$ 3,577,061	\$ -	\$ 128,841	\$ 3,448,220	\$ 127,962
Net pension liability (LGERS)	223,852	111,442	74,238	261,056	-
Compensation absences	36,886	31,665	31,532	37,019	19,353
Total business-type activities	<u>\$ 3,837,799</u>	<u>\$ 143,107</u>	<u>\$ 234,611</u>	<u>\$ 3,746,295</u>	<u>\$ 147,315</u>

The legal debt margin for the Town of Warrenton is \$5,275,611.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2024 is as follows:

	Governmental-Type Activities	Business-Type Activities
Capital assets	\$ 687,658	\$ 11,541,482
Less: Long-term debt	252,338	3,448,221
Net investment in capital assets	<u>\$ 435,320</u>	<u>\$ 8,093,261</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, 2024**

II. DETAIL NOTES ON ALL FUNDS (continued):

A summary of these transactions for the year ended June 30, 2024 follows:

From the General Fund to the Water and Sewer Fund - to reimburse expenditures	\$ 7,281
From the General Fund to the Frontier Warren Fund - program support	14,870
From the General Fund to the Parking Lot Fund - to reimburse expenditures	55,324
From the American Rescue Plan Grant Fund to the Parking Lot Fund - to reimburse expenditures	13,827
From the General Fund to the Golden Leaf Stormwater Improvement Capital Project Fund - to reimburse expenditures	13,000
From the Parking Lot Fund to the General Fund - to close capital project fund	<u>4,369</u>
Total	\$ <u>108,671</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	\$ 1,081,401
Less:	
Non-spendable	-
Stabilization by State statute	219,929
USDA	8,970
Streets-Powell Bill	59,198
Appropriated Fund Balance in 2024 budget	<u>27,712</u>
Remaining fund balance	\$ <u>765,592</u>

**TOWN OF WARRENTON, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 \$568 in dues to the Council during the year ended June 30, 2024.

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, 2024, 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.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Warrenton's proportion of the net pension liability (asset) (%)	0.00985%	0.00992%	0.01023%	0.01024%	0.00864%	0.00870%	0.01100%	0.01191%	0.01015%	0.00907%
Warrenton's proportion of the net pension liability (asset) (\$)	\$ 652,639	\$ 559,630	\$ 156,887	\$ 365,919	\$ 235,952	\$ 206,394	\$ 168,050	\$ 252,770	\$ 45,552	\$ (53,490)
Warrenton's covered payroll	976,412	840,726	775,837	744,419	693,583	661,731	693,131	674,953	610,237	488,917
Warrenton's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	66.84%	66.57%	20.22%	49.15%	34.02%	31.19%	24.25%	37.45%	7.46%	-10.94%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

*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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 185,596	\$ 187,215	\$ 154,486	\$ 129,830	\$ 120,920	\$ 104,607	\$ 95,971	\$ 97,279	\$ 88,326	\$ 83,130
Contributions in relation to the contractually required contribution	185,596	187,215	154,486	129,830	120,920	104,607	95,971	97,279	88,326	83,130
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	\$ 931,610	\$ 976,412	\$ 840,726	\$ 775,837	\$ 744,419	\$ 693,583	\$ 661,731	\$ 693,131	\$ 674,953	\$ 610,237
Contributions as a percentage of covered payroll	19.92%	19.17%	18.38%	16.73%	16.24%	15.08%	14.50%	14.03%	13.09%	13.62%

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

SCHEDULE 3

LAST EIGHT YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 63,067	\$ 64,380	\$ 66,852	\$ 31,828	\$ 25,977	\$ 26,571	\$ 50,058	\$ 46,433
Service Cost	5,481	6,402	6,551	3,522	2,461	2,643	2,444	3,361
Interest on the total pension liability	2,718	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	3,516	871	(8,773)	3,809	1,357	(2,861)	(29,964)	-
Changes of assumptions or other inputs	1,161	(10,035)	(1,540)	26,655	1,087	(1,216)	2,101	(1,394)
Ending balance of the total pension liability	<u>\$ 75,943</u>	<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 EIGHT YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 75,943	\$ 63,067	\$ 64,380	\$ 66,852	\$ 31,828	\$ 25,977	\$ 25,977	\$ 50,058
Covered payroll	\$ 218,698	\$ 195,567	\$ 192,356	\$ 180,318	\$ 128,043	\$ 119,611	\$ 156,513	\$ 180,588
Total pension liability as a percentage of covered payroll	34.73%	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, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 434,148	-
Motor vehicles taxes	-	51,401	-
Penalties and interest	-	2,577	-
Total	<u>511,761</u>	<u>488,126</u>	<u>(23,635)</u>
Unrestricted intergovernmental:			
Local option sales taxes	-	374,654	-
Utility franchise tax	-	88,667	-
Beer and wine tax	-	4,143	-
Gas tax refund	-	1,148	-
Solid waste disposal tax	-	676	-
Total	<u>501,354</u>	<u>469,288</u>	<u>(32,066)</u>
Restricted intergovernmental:			
Powell Bill allocation	-	31,826	-
Total	<u>29,013</u>	<u>31,826</u>	<u>2,813</u>
Permits and fees:			
Zoning fees	-	3,525	-
Code enforcement	-	3,155	-
Parking fees and enforcement	-	360	-
Court fees	-	270	-
Total	<u>5,450</u>	<u>7,310</u>	<u>1,860</u>
Sales and services:			
Landfill fees	-	204,876	-
Cell tower rent	-	26,778	-
Miscellaneous	-	15,580	-
Total	<u>264,538</u>	<u>247,234</u>	<u>(17,304)</u>
Investment earnings	<u>20,050</u>	<u>35,462</u>	<u>15,412</u>
Total revenues	<u>1,332,166</u>	<u>1,279,246</u>	<u>(52,920)</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, 2024

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government			
Governing Body			
Personnel services	\$ -	\$ 1,672	\$ -
Operating expenditures	-	1,051	-
Total	<u>2,815</u>	<u>2,723</u>	<u>92</u>
Administration			
Personnel services	-	322,629	-
Operating expenditures	-	105,867	-
Administrative fee paid by Water and Sewer	-	(170,140)	-
Capital outlay	-	15,000	-
Total	<u>278,871</u>	<u>273,356</u>	<u>5,515</u>
Total general government	<u>281,686</u>	<u>276,079</u>	<u>5,607</u>
Public Safety			
Police			
Personnel services	-	417,479	-
Operating expenditures	-	117,530	-
Total	<u>619,666</u>	<u>535,009</u>	<u>84,657</u>
Fire			
Personnel services	-	3,472	-
Operating expenditures	-	72,546	-
Total	<u>76,325</u>	<u>76,018</u>	<u>307</u>
Total public safety	<u>695,991</u>	<u>611,027</u>	<u>84,964</u>
Streets			
Street repair and construction			
Personnel services	-	118,807	-
Operating expenditures	-	71,646	-
Total	<u>209,342</u>	<u>190,453</u>	<u>18,889</u>
Total streets	<u>209,342</u>	<u>190,453</u>	<u>18,889</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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental Protection			
Sanitation			
Personnel services	\$ -	\$ 86,252	\$ -
Operating expenditures	-	29,975	-
Total	<u>119,021</u>	<u>116,227</u>	<u>2,794</u>
Total environmental protection	<u>119,021</u>	<u>116,227</u>	<u>2,794</u>
Debt service			
Principal retirement	-	25,428	-
Interest and other charges	-	6,043	-
Total	<u>31,475</u>	<u>31,471</u>	<u>4</u>
Total expenditures	<u>1,337,515</u>	<u>1,225,257</u>	<u>112,258</u>
Revenues over (under) expenditures	<u>(5,349)</u>	<u>53,989</u>	<u>59,338</u>
Other financing sources (uses):			
Transfers from other funds	4,369	4,369	-
Transfers to other funds	(93,256)	(90,475)	2,781
Fund balance appropriated	94,236	-	(94,236)
Total	<u>5,349</u>	<u>(86,106)</u>	<u>(91,455)</u>
Revenues and other financing sources under expenditures and other financing uses	<u>\$ -</u>	<u>(32,117)</u>	<u>\$ (32,117)</u>
Fund balances, beginning		<u>1,113,518</u>	
Fund balances, ending		<u>\$ 1,081,401</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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
CDBG grant revenue	<u>\$ 950,000</u>	<u>\$ 474,108</u>	<u>\$ 200,666</u>	<u>\$ 674,774</u>	<u>\$ (275,226)</u>
Expenditures:					
Current:					
Economic & Physical Dev					
Project cost	880,000	454,882	184,294	639,176	240,824
Administrative expense	<u>70,000</u>	<u>19,226</u>	<u>16,500</u>	<u>35,726</u>	<u>34,274</u>
Total expenditures	<u>950,000</u>	<u>474,108</u>	<u>200,794</u>	<u>674,902</u>	<u>275,098</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	(128)	<u>\$ (128)</u>	<u>\$ (128)</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ (128)</u>		

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

SCHEDULE 7

June 30, 2024

	Special Revenue				Capital Project		
	Revolving Loan Fund	Frontier Warren Fund	American Rescue Plan Grant Fund	EPA Brownfield Assessment Grant Fund	Total Special Revenue Funds	Golden Leaf Stormwater Improvements Fund	Total Nonmajor Governmental Funds
ASSETS							
Restricted cash	\$ 18,337	\$ -	\$ 2,000	\$ -	\$ 20,337	\$ 12,653	\$ 32,990
Accounts receivable	-	430	-	-	430	-	430
Due from other governments	-	-	-	8,244	8,244	-	8,244
	<u>\$ 18,337</u>	<u>\$ 430</u>	<u>\$ 2,000</u>	<u>\$ 8,244</u>	<u>\$ 29,011</u>	<u>\$ 12,653</u>	<u>\$ 41,664</u>
LIABILITIES							
Accounts payable	-	925	-	8,244	9,169	-	9,169
Due to other funds	-	37,072	-	-	37,072	-	37,072
	-	37,997	-	8,244	46,241	-	46,241
DEFERRED INFLOWS OF RESOURCES							
Leases	-	707	-	-	707	-	707
Grant	-	-	2,000	-	2,000	-	2,000
Total deferred inflows of resources	-	707	2,000	-	2,707	-	2,707
FUND BALANCES							
Restricted:							
Economic and physical development	18,337	-	-	-	18,337	12,653	30,990
Unassigned	-	(38,274)	-	-	(38,274)	-	(38,274)
Total fund balances	18,337	(38,274)	-	-	(19,937)	12,653	(7,284)
Total liabilities and fund balances	\$ 18,337	\$ 430	\$ 2,000	\$ 8,244	\$ 29,011	\$ 12,653	\$ 41,664

TOWN OF WARRENTON, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

SCHEUDLE 8

	Special Revenue					Capital Project			
	Revolving Loan Fund	Frontier Warren Fund	American Rescue Plan Grant Fund	EPA Brownfield Assessment Grant Fund	Total Special Revenue Funds	Parking Lot Fund	Golden Leaf Stormwater Improvements Fund	Total Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:									
Restricted intergovernmental	\$ -	\$ -	\$ 48,562	\$ 155,091	\$ 203,653	\$ -	\$ -	\$ -	\$ 203,653
Miscellaneous	-	36,319	-	-	36,319	-	-	-	36,319
Total revenues	-	36,319	48,562	155,091	239,972	-	-	-	239,972
Expenditures:									
General government	-	-	34,735	-	34,735	-	-	-	34,735
Economic and physical development	-	55,291	-	-	55,291	-	-	-	55,291
Environmental protection	-	-	-	155,091	155,091	-	-	-	155,091
Capital outlay	-	-	-	-	-	147,056	347	147,403	147,403
Total expenditures	-	55,291	34,735	155,091	245,117	147,056	347	147,403	392,520
Revenues over (under) expenditures	-	(18,972)	13,827	-	(5,145)	(147,056)	(347)	(147,403)	(152,548)
Other financing sources (uses):									
Debt issuance	-	-	-	-	-	125,000	-	125,000	125,000
Transfer from other funds	-	14,870	-	-	14,870	69,151	13,000	82,151	97,021
Transfer to other funds	-	-	(13,827)	-	(13,827)	(4,369)	-	(4,369)	(18,196)
Total other financings sources (uses)	-	14,870	(13,827)	-	1,043	189,782	13,000	202,782	203,825
Net change in fund balance	-	(4,102)	-	-	(4,102)	42,726	12,653	55,379	51,277
Fund balances, beginning	18,337	(34,172)	-	-	(15,835)	(42,726)	-	(42,726)	(58,561)
Fund balances, ending	\$ 18,337	\$ (38,274)	\$ -	\$ -	\$ (19,937)	\$ -	\$ 12,653	\$ 12,653	\$ (7,284)

TOWN OF WARRENTON, NORTH CAROLINA**SCHEDULE 9****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, 2024

	<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 10

**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, 2024

	<u>Current Authorization</u>	<u>Actual Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Rental income	\$ 31,000	\$ 36,319	\$ 5,319
Expenditures:			
Current:			
Economic development			
Operating expenses	<u>45,870</u>	<u>55,291</u>	<u>(9,421)</u>
Revenues under expenditures	(14,870)	(18,972)	14,740
Other financing sources:			
Transfer from General Fund	<u>14,870</u>	<u>14,870</u>	<u>(29,740)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	(4,102)	<u>\$ (15,000)</u>
Fund balance, beginning		(34,172)	
Fund balance, ending		<u>\$ (38,274)</u>	

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 11

**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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Federal grant	\$ 265,475	\$ 214,913	\$ 48,562	\$ 263,475	\$ (2,000)
Expenditures:					
Current:					
General government					
Administration	149,999	86,583	34,735	121,318	28,681
Capital outlay	23,100	49,782	-	49,782	(26,682)
Total expenditures	173,099	136,365	34,735	171,100	1,999
Revenues over expenditures	92,376	78,548	13,827	92,375	(1)
Other financing uses:					
Transfers to other funds	(92,376)	(78,548)	(13,827)	(92,375)	1
Revenues over expenditures and other financing uses	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 12

**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, 2024

	Project	Prior	Actual	Total to	Variance
	Authorization	Years	Current	Date	Positive
			Year		(Negative)
Revenues:					
Federal grant	<u>\$ 300,000</u>	<u>\$ 120,420</u>	<u>\$ 155,091</u>	<u>\$ 275,511</u>	<u>\$ (24,489)</u>
Expenditures:					
Current:					
Environmental protection					
Professional fees	294,000	118,504	155,091	273,595	20,405
Supplies	1,000	1,916	-	1,916	(916)
Travel	5,000	-	-	-	5,000
Total expenditures	<u>300,000</u>	<u>120,420</u>	<u>155,091</u>	<u>275,511</u>	<u>24,489</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 13

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, 2024

	<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	\$ 54,526	\$ 54,526	\$ -	\$ 54,526	\$ -
Construction	160,256	13,200	147,056	160,256	-
Total expenditures	<u>214,782</u>	<u>67,726</u>	<u>147,056</u>	<u>214,782</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfer from General Fund	80,324	25,000	55,324	80,324	-
Issuance of debt	125,000	-	125,000	125,000	-
Transfer from American Rescue Plan Grant Fund	13,827	-	13,827	13,827	-
Transfer to General Fund	(4,369)	-	(4,369)	(4,369)	-
Total other financing sources (uses)	<u>214,782</u>	<u>25,000</u>	<u>189,782</u>	<u>214,782</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$(42,726)</u>	42,726	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			(42,726)		
Fund balance, ending			<u>\$ -</u>		

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 14

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL (NON-GAAP)-GENERAL CAPITAL PROJECT-
GOLDEN LEAF STORMWATER IMPROVEMENTS FUND**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State grant	\$ 196,448	\$ -	\$ -	\$ -	\$ (196,448)
Expenditures:					
Current:					
General government					
Land	8,000	-	-	-	8,000
Construction	196,448	-	-	-	196,448
Professional Fees	5,000	-	347	347	4,653
Total expenditures	209,448	-	347	347	209,101
Revenues over (under) expenditures	(13,000)	-	(347)	(347)	12,653
Other Financing Sources (Uses):					
Transfer from General Fund	13,000	-	13,000	13,000	-
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	12,653	<u>\$ 12,653</u>	<u>\$ 12,653</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 12,653</u>		

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 15

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

YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Wastewater Treatment		\$ 877,535	\$ -
Total operating revenues	912,274	877,535	(34,739)
Nonoperating revenues:			
Interest earnings		2	-
Miscellaneous revenue		10,740	-
Total nonoperating revenues	-	10,742	10,742
Total revenues	912,274	888,277	(23,997)
Expenditures:			
Operating expenditures:			
Salaries and benefits		334,158	-
Audit		11,500	-
Telephone and postage		7,127	-
Freight		2,534	-
Dues and subscriptions		139	-
Light and heat		112,094	-
Insurance and bonds		19,678	-
Materials and supplies		62,335	-
Vehicle maintenance		988	-
Truck expense		8,312	-
Equipment and plant maintenance		104,751	-
Uniforms		4,405	-
Sludge hauling		61,130	-
Influent debris removal		6,462	-
Kerr-Pamlico Basin Association		2,880	-
Permits and fees		13,960	-
OSHA compliance		145	-
Lab analysis and supplies		37,754	-
Computer supplies and support		10,549	-
Continuing education		1,112	-
Advertising		1,500	-
Administrative fee		60,311	-
Capital outlay		5,685	-
Debt principal		23,607	-
Total	912,274	893,116	19,158
Revenues under expenditures	\$ -	\$ (4,839)	\$ (4,839)

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 15

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

YEAR ENDED JUNE 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues under expenditures		<u>\$ (4,839)</u>	
Reconciling items:			
Depreciation		(58,386)	
Increase in compensated absences		(2,968)	
Principal payments on debt		23,607	
Capital outlay		5,685	
Increase in deferred outflows of resources - pensions		5,588	
Increase in net pension liability		(18,602)	
Decrease in deferred inflows of resources - pensions		<u>(545)</u>	
Total reconciling items		<u>(45,621)</u>	
Change in net position		<u>\$ (50,460)</u>	

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 16

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, 2024

	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	<u>1,822,117</u>	<u>1,822,116</u>	<u>-</u>	<u>1,822,116</u>	<u>1</u>
Engineering costs:					
Engineering design	100,650	100,650	-	100,650	-
Construction administration	64,000	64,000	-	64,000	-
Construction inspection	99,637	99,638	-	99,638	(1)
Total engineering costs	<u>264,287</u>	<u>264,288</u>	<u>-</u>	<u>264,288</u>	<u>(1)</u>
Administration costs:					
Grant/loan administration	20,000	20,000	-	20,000	-
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>87,163</u>	<u>-</u>	<u>87,163</u>	<u>-</u>
Total expenditures	<u>2,173,567</u>	<u>2,173,567</u>	<u>-</u>	<u>2,173,567</u>	<u>-</u>
Revenues over (under) expenditures	<u>(540,124)</u>	<u>(540,124)</u>	<u>-</u>	<u>(540,124)</u>	<u>-</u>
Other financing sources					
Transfer from Wastewater Treatment Plant Fund	67,992	78,826	-	78,826	10,834
USDA loan	<u>472,132</u>	<u>472,132</u>	<u>-</u>	<u>472,132</u>	<u>-</u>
Total other financing sources	<u>540,124</u>	<u>550,958</u>	<u>-</u>	<u>550,958</u>	<u>10,834</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 10,834</u>	<u>-</u>	<u>\$ 10,834</u>	<u>\$ 10,834</u>
Net position, beginning			10,834		
Net position, ending			<u>\$ 10,834</u>		

TOWN OF WARRENTON, NORTH CAROLINA**SCHEDULE 17****SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP) -
WATER AND SEWER FUND**

YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water and sewer sales		\$ 1,379,087	\$ -
Water and sewer taps/connection fees		36,515	-
Total operating revenues	1,535,180	1,415,602	(119,578)
Nonoperating revenues:			
Interest earnings		14,478	-
Miscellaneous revenue		1,227	-
Total nonoperating revenues	9,961	15,705	5,744
Total revenues	1,545,141	1,431,307	(113,834)
Expenditures:			
Operating expenditures:			
Salaries and benefits		373,409	-
Water purchases		227,092	-
Sewer purchases		381,996	-
Audit		11,500	-
Equipment maintenance		14,898	-
Building maintenance		4,532	-
Utilities		23,385	-
Contracted services		67,526	-
Insurance and bonds		16,128	-
Departmental supplies and materials		40,504	-
Uniforms		4,444	-
Telephone and postage		19,010	-
Advertising		327	-
Rents		1,000	-
Truck expense		14,573	-
Continuing education		1,616	-
Dues and permits		4,084	-
Certified lab expense		2,425	-
Computer supplies and support		19,083	-
Contract maintenance		19,732	-
Wastewater treatment plant rehab		22,772	-
Administrative fee		109,830	-
Capital outlay		11,371	-
Debt service			
Principal		105,234	-
Interest		35,766	-
Total expenditures	1,561,202	1,532,237	28,965

TOWN OF WARRENTON, NORTH CAROLINA**SCHEDULE 17****SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (NON-GAAP) -
WATER AND SEWER FUND**

YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues in excess of expenditures	\$ (16,061)	\$ (100,930)	\$ (84,869)
Other financing sources (uses):			
Transfer from other funds:			
General Fund		7,281	-
Fund balance appropriated		-	-
Total other financing sources (uses)	16,061	7,281	(8,780)
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ (93,649)</u>	<u>\$ (93,649)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures		<u>\$ (93,649)</u>	
Reconciling items:			
Principal retirement		105,234	
Capital Outlay		11,371	
Increase in deferred outflows of resources - pensions		5,588	
Increase in net pension liability		(18,602)	
Decrease in deferred inflows of resources - pensions		(545)	
Depreciation		(510,668)	
Decrease in compensated absences		2,834	
Total reconciling items		<u>(404,788)</u>	
Change in net position		<u>\$ (498,437)</u>	

TOWN OF WARRENTON, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND

SCHEDULE 18

YEAR ENDED JUNE 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections And Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 496,691	\$ 479,349	\$ 17,342
2022-2023	9,158	-	5,826	3,332
2021-2022	2,726	-	583	2,143
2020- 2021	2,029	-	-	2,029
2019- 2020	1,173	-	168	1,005
2018- 2019	1,042	-	3	1,039
2017- 2018	930	-	-	930
2016- 2017	972	-	-	972
2015- 2016	971	-	-	971
2014- 2015	791	-	-	791
2013- 2014	1,886	-	1,886	-
	<u>\$ 21,678</u>	<u>\$ 496,691</u>	<u>\$ 487,815</u>	<u>\$ 30,554</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 488,126
Reconciling items:	
Adjustments	2,266
Interest collected	(2,577)
Releases	-
Subtotal	<u>(311)</u>
Total collections and credits	<u>\$ 487,815</u>

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

SCHEDULE 19

YEAR ENDED JUNE 30, 2024

	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	\$ 64,887,285	0.70	\$ 454,211	\$ 454,211	\$ -
Discoveries	-	0.70	-	-	-
Registered motor vehicles	7,371,286	0.70	51,599	-	51,599
Total	72,258,571		505,810	454,211	51,599
Abatements	(1,302,714)	0.70	(9,119)	(9,119)	-
Total Property Valuation	<u>\$ 70,955,857</u>				
Net levy			\$ 496,691	\$ 445,092	\$ 51,599
Uncollected taxes at June 30, 2024			(17,342)	(17,144)	(198)
Current year's taxes collected			<u>\$ 479,349</u>	<u>\$ 427,948</u>	<u>\$ 51,401</u>
Current levy collection percentage			<u>96.51%</u>	<u>96.15%</u>	<u>99.62%</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, 2024, 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 21, 2024.

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 21, 2024

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

For the year ended June 30, 2024

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 | <u> X </u> no |
| • Significant deficiency (s) identified that are not considered to be material weaknesses? | _____ yes | <u> X </u> none reported |

Noncompliance material to financial statement noted	_____ yes	<u> X </u> no
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Federal Awards

The Town of Warrenton has no major federal programs.

State Awards

The Town of Warrenton has no major state programs.

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.

TOWN OF WARRENTON, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2024

<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>
Federal Grants:					
Cash Programs:					
<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	\$ 48,562	\$ -	\$ -
<u>Environmental Protection Agency</u>					
Brownfield Assessment and Cleanup	66.818	02D08021	155,091	-	-
Total assistance-federal programs			203,653	-	-
State Grants:					
Cash Programs:					
<u>North Carolina Department of Commerce</u>					
Community Development Block Grant - Neighborhood Revitalization	N/A	18-C-3079	-	200,794	-
<u>North Carolina Department of Transportation</u>					
Non-State System Street-Aid Allocation					
Powell Bill	N/A	DOT-4	-	2,716	-
Total federal and state assistance			\$ 203,653	\$ 203,510	\$ -

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, 2024. 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, 2024 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 30, 2024 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	-	\$ 76,307
Waste Water Treatment Plant Rehabilitation	N/A	E-SRP-W-17-0038	\$ 401,312