TOWN OF WARRENTON, NORTH CAROLINA

ANNUAL FINANCIAL REPORT

As of and for the Year Ended June 30, 2025
And Reports of Independent Auditor

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, 2025, 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, 2025, 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 responsible 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 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2025 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

JOYCE AND COMPANY, CPA
Cary, North Carolina

October 29, 2025

TOWN OF WARRENTON, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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, 2025. 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 out flows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $9,916,103 (net position). (Exhibit 1)

- The government's total net position decreased by $223,854 primarily due to decreases in water and sewer activities.

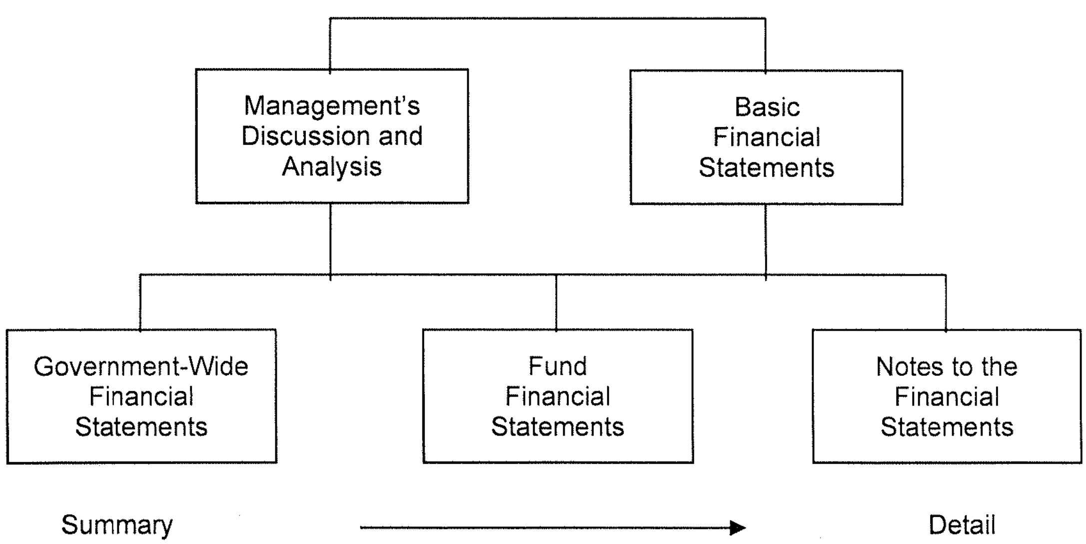
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $1,194,882 with a net change of $120,893 in fund balance. Approximately 43.53% of this total amount, or $319,007, is non-spendable or restricted.

- At the end of the current fiscal year, the total fund balance for the General fund was $1,215,281 and the unassigned portion of that fund balance was $718,545, or 60.33%, of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



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.

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.

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

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Current and other assets	$ 1,374,819	$ 1,336,462	$ 832,246	$ 939,963	$ 2,207,065	$ 2,276,425
Capital and right to use assets	778,568	687,658	11,189,438	11,541,482	11,968,006	12,229,140
Deferred outflows of resources	265,686	363,385	163,104	229,090	428,790	592,475
Total assets and deferred outflows of resources	2,842,318	2,387,505	9,656,468	12,710,535	12,021,684	15,098,040
Long-term liabilities	640,416	750,518	3,682,938	3,746,295	4,323,354	4,496,813
Other liabilities	99,441	58,808	187,353	208,939	286,794	267,747
Deferred inflows of resources	765,205	191,507	1,336	2,036	766.541	193,543
Total liabilities and deferred inflows of resources	1,505,062	1,000,833	3,871,627	3,957,270	5,376,689	4,958,103
Net Position:						
Invested in capital assets,						
net of related debt	587,683	435,320	7,869,185	8,093,261	8,456,868	8,528,581
Restricted	520,073	319,087	3,883	2,489	523,956	321,486
Unrestricted	495,186	632,265	440,093	657,535	935,279	1,281,800
Total Net Position	$ 1,602,942	$ 1,386,672	$ 8,313,161	$ 8,753,285	$ 9,916,103	$ 10,139,867

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred out flows of the Town exceeded liabilities and deferred inflows by $9,916,103 as of June 30, 2025. The Town's net position decreased by $223,854 for the fiscal year ended June 30, 2025. 85.28% 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, $523,956 (5.28%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of $935,279 is unrestricted. One aspect of the Town's financial operations positively influenced the total unrestricted net position:

- Revenues exceeded expenditures by over $138,933 in General Fund.

Town of Warrenton's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues						
Program Revenues:						
Charges for services	$ 288,260	$ 275,283	$ 2,619,858	$ 2,293,137	$ 2,908,118	$ 2,568,420
Operating grants and contributions	361,782	404,319	-	-	361,782	404,319
Capital grants and contributions	189,641	31,826	-		189,641	31,826
General Revenues:						
Property taxes	531,829	497,002	-	-	531,829	497,002
Other taxes	465,934	469,288	-	-	465,934	469,228
Other	60,371	51,042	16,825	26,447	77,196	77,489
Total Revenues	1,897,817	1,728,760	2,636,683	2,319,584	4,534,500	4,048,344
Expenses:						
General government	323,568	340,120	-	-	323,568	340,120
Public safety	604,726	668,420	-	-	604,726	668,420
Transportation	200,784	193,694	-	-	200,784	193,694
Environmental protection	109,628	274,670	-	-	109,628	274,670
Economic and physical development	391,567	256,085	-	-	391,567	256,085
Interest on long-term debt	8,382	6,043	-	-	8,382	6,043
Water and sewer	-	-	2,992,107	2,875,762	2,992,107	2,875,762
Total Expenses	1,638,655	1,739,032	2,992,107	2,875,762	4,630,762	4,614,794
Transfers	(7,281)	(7,281)	7,281	7,281	-	-
Change in net position	251,881	(17,553)	(348,143)	(548,897)	(96,262)	(566,450)
Net position, beginning as originally stated	1,386,672	1,404,225	8,753,285	9,302,182	10,139,957	10,706,407
Prior Period Adjustment	(35,611)	-	(91,981)	-	(127,592)	-
Net position, beginning as restated	1,351,061	1,404,225	8,661,304	9,302,182	10,012,365	10,706,407
Net position, June 30	$ 1,602,942	$ 1,386,672	$ 8,313,161	$ 8,753,285	$ 9,916,103	$ 10,139,957

Governmental Activities – Governmental activities increased the Town's net position by $251,881.

Business-Type Activities – Business-type activities decreased the Town's net position by $348,143, thereby accounting for all 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'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 $718,545, while total fund balance increased to $1,215,281. 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 of 60.33% of the total General Fund expenditures, while total fund balance represents 102.04% 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 $3,856, and that of the Water and Sewer Fund amounted to $443,949. The total change in net position for both funds was $86,859 and ($526,983), 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, 2025, totaled $11,968,006 (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, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Land	$ 84,026	$ 84,026	$ 5,250	$ 5,250	$ 89,276	$ 89,276
Buildings and system	700	700	92,106	96,502	92,806	97,202
Improvements	276,258	277,447	9,623,165	9,680,564	9,899,423	9,958,011
Water and sewer lines	-	-	1,138,693	1,344,800	1,138,693	1,344,800
Machinery and equipment	157,365	165,750	34,564	40,864	191,929	206,614
Vehicles and motorized equipment	67,623	96,414	144,760	197,452	212,383	293,866
Intangible assets	-	-	150,900	176,050	150,900	176,050
Construction in progress	164,072	347	-	-	164,072	347
Leased buildings	28,624	62,974	-	-	28,624	62,974
Total	$ 778,668	$ 687,658	$ 11,189,438	$ 11,541,482	$ 11,968,006	$ 12,229,140

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

Long-Term Debt – As of June 30, 2025, the Town had total debt outstanding of $3,511,139. Of this, $3,511,139 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 $5,420,799.

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

Economic Factors and Next Year's Budgets and Rates

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

Unemployment: The state's seasonally adjusted June unemployment rate was 3.9%, Warren County was 5.0%.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities – Revenues and expenditures are expected to remain comparable with 2024-2025 revenues and expenditures. Property taxes, at $.60 cents, are based on a revaluation in the current year and increased over the previous year.

Business-Type Activities – Revenues and expenditures are expected to remain comparable with 2024-2025 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, 2025

Exhibit 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 777,780	$ 299,217	$ 1,076,997
Restricted cash	84,663	107,119	191,782
Taxes receivables (net)	34,028	-	34,028
Accounts receivable (net) - trade	169,052	219,504	388,556
Prepaid expenses	7,128	771	7,899
Due from other governments	238,900	79,076	317,976
Lease receivable	63,268	-	63,268
Inventories	-	126,559	126,559
Total current assets	1,374,819	832,246	2,207,065
Noncurrent Assets:			
Leases receivable, non-current	688,931	-	688,931
Capital Assets:			
Land, non-depreciable improvements, and construction in progress	248,098	5,250	253,348
Other capital assets, net of depreciation	501,846	11,184,188	11,686,034
Right to use leased assets, net of amortization	28,624	-	28,624
Total capital assets	778,568	11,189,438	11,968,006
Total noncurrent assets	1,467,499	11,189,438	12,656,937
Total assets	2,842,318	12,021,684	14,864,002
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	265,686	163,104	428,790
LIABILITIES			
Current Liabilities:			
Accounts payable	89,883	78,947	168,830
Accrued payroll	9,558	5,170	14,728
Deposits held	-	103,236	103,236
Current portion of long-term liabilities	82,153	149,102	231,255
Long-Term Liabilities:			
Net pension liability - LGERS	301,182	200,788	501,970
Total pension liability - LEOSSA	57,376	-	57,376
Due in more than one year	199,705	3,333,048	3,532,753
Total liabilities	739,857	3,870,291	4,610,148
DEFERRED INFLOWS OF RESOURCES			
Leases	732,912	-	732,912
Prepaid taxes	2,487	-	2,487
Pension deferrals	29,806	1,336	31,142
Total deferred inflows of resources	765,205	1,336	766,541
NET POSITION			
Net investment in capital assets	587,683	7,869,185	8,456,868
Restricted for:			
Streets	56,458	-	56,458
Stabilization by State Statute	430,410	-	430,410
Economic and physical development	23,337	-	23,337
Restricted pursuant to loan requirements	9,868	3,883	13,751
Unrestricted	495,186	440,093	935,279
Total net position	$ 1,602,942	$ 8,313,161	$ 9,916,103

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, 2025

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary government:							
Governmental Activities:							
General government	$ 323,568	$ 36,916	$ 16,014	$ -	$ (270,638)	$ -	$ (270,638)
Public safety	604,726	-	-	-	(604,726)	-	(604,726)
Streets	200,784	-	-	33,916	(166,868)	-	(166,868)
Environmental protection	109,628	206,944	3,875	155,725	256,916	-	256,916
Economic and physical development	391,567	44,400	341,893	-	(5,274)	-	(5,274)
Interest on long-term debt	8,382	-	-	-	(8,382)	-	(8,382)
Total governmental activities	1,638,655	288,260	361,782	189,641	(798,972)	-	(798,972)
Business-Type Activities:							
Wastewater treatment	998,275	1,051,925	-	-	-	53,650	53,650
Water and sewer	1,993,832	1,567,933	-	-	-	(425,899)	(425,899)
Total business-type activities	2,992,107	2,619,858	-	-	-	(372,249)	(372,249)
Total primary government	$ 4,630,762	$ 2,908,118	$ 361,782	$ 189,641	(798,972)	(372,249)	(1,171,221)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					531,829	-	531,829
Other taxes					465,934	-	465,934
Unrestricted investment earnings					39,029	13,234	52,263
Miscellaneous					18,767	3,591	22,358
Gain on sale of fixed assets					2,575	-	2,575
Total general revenues					1,058,134	16,825	1,074,959
Transfers					(7,281)	7,281	-
Total general revenues and transfers					1,050,853	24,106	1,074,959
Change in net position					251,881	(348,143)	(96,262)
Net position, beginning, as originally stated					1,386,672	8,753,285	10,139,957
Prior period adjustment					(35,611)	(91,981)	(127,592)
Net position, beginning, restated					1,351,061	8,661,304	10,012,365
Net position, ending					$ 1,602,942	$ 8,313,161	$ 9,916,103

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, 2025

Exhibit 3

	Major Funds			
	General	Neighborhood Revitalization CDBG Grant	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 777,780	$ -	$ -	$ 777,780
Restricted cash	66,326	-	18,337	84,663
Receivables, net:				
Taxes	34,028	-	-	34,028
Accounts - trade	24,734	-	144,318	169,052
Prepaid expenses	-	-	7,128	7,128
Due from other funds	221,278	-	-	221,278
Due from other governments	168,591	30,309	40,000	238,900
Lease receivable	750,426	-	1,773	752,199
Total assets	2,043,163	30,309	211,556	2,285,028
LIABILITIES				
Accounts payable - trade	$ 49,677	$ 34,375	$ 5,831	$ 89,883
Accrued payroll	9,558	-	-	9,558
Due to other funds	-	1,264	220,014	221,278
Total liabilities	59,235	35,639	225,845	320,719
DEFERRED INFLOWS OF RESOURCES				
Taxes receivable	34,028	-	-	34,028
Prepaid taxes	2,487	-	-	2,487
Leases	732,132	-	780	732,912
Total deferred inflows of resources	768,647	-	780	769,427
FUND BALANCES				
Fund balances:				
Restricted:				
Stabilization by State Statute	430,410	-	-	430,410
USDA	9,868	-	-	9,868
Streets	56,458	-	-	56,458
Economic and physical development	-	-	23,337	23,337
Unassigned	718,545	(5,330)	(38,406)	674,809
Total fund balances	1,215,281	(5,330)	(15,069)	1,194,882
Total liabilities, deferred inflows of resources and fund balances	$ 2,043,163	$ 30,309	$ 211,556	$ 2,285,028

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, 2025

Exhibit 3

Fund balances-total governmental funds		$ 1,194,882
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	$ 1,351,084	
Less accumulated depreciation	(601,140)	749,944
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	(74,424)	28,624
Deferred outflows of resources related to pensions are not reported in the funds		265,686
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	(161,327)	
Lease liability	(29,558)	
Compensated absences	(90,973)	
Net pension liability (LGERS)	(301,182)	
Total pension liability (LEO)	(57,376)	(640,416)
Earned revenues considered deferred inflows of resources in fund statements		34,028
Deferred inflows of resources related to pensions are not reported in the funds		(29,806)
Net position of governmental activities		$ 1,602,942

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 -GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

Exhibit 4

	Major Funds			
	General	Neighborhood Revitalization CDBG Grant	Total Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	$ 528,355	$ -	$ -	$ 528,355
Unrestricted intergovernmental	465,934	-	-	465,934
Restricted intergovernmental	33,916	275,226	242,281	551,423
Permits and fees	5,904	-	-	5,904
Sales and services	237,956	-	-	237,956
Investment earnings	39,029	-	-	39,029
Miscellaneous	18,767	-	44,400	63,167
Total revenues	1,329,861	275,226	286,681	1,891,768
Expenditures:				
General government	255,494	-	16,014	271,508
Public safety	567,469	-	-	567,469
Streets	196,147	-	-	196,147
Economic and physical development	-	280,428	111,199	391,627
Environmental protection	103,162	-	3,875	107,037
Debt service:				
Principal	27,043	-	-	27,043
Interest and other charges	8,382	-	-	8,382
Capital outlay	33,231	-	163,725	196,956
Total expenditures	1,190,928	280,428	294,813	1,766,169
Excess (deficiency) of revenues over expenditures	138,933	(5,202)	(8,132)	125,599
Other financing sources (uses):				
Sale of capital assets	2,575	-	-	2,575
Transfers from other funds	-	-	347	347
Transfers to other funds	(7,628)	-	-	(7,628)
Total other financing sources (uses)	(5,053)	-	347	(4,706)
Net change in fund balance	133,880	(5,202)	(7,785)	120,893
Fund balances, beginning	1,081,401	(128)	(7,284)	1,073,989
Fund balances, ending	$ 1,215,281	$ (5,330)	$ (15,069)	$ 1,194,882

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, 2025

Exhibit 5

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ 120,893
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	196,956	
Depreciation and amortization expense for governmental assets	(106,046)	90,910
Principal payments on leases		34,410
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		3,474
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		113,494
Benefit payments paid and administrative expense for LEOSSA are not included on the Statement of Activities		6,516
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.		
Principal payments on long-term debt		27,043
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	(120,151)	
Compensated absences	(24,708)	(144,859)
Total changes in net position of governmental activities		$ 251,881

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

TOWN OF WARRENTON, NORTH CAROLINA **Exhibit 6**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2025

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Ad valorem taxes	$ 546,287	$ 546,287	$ 528,355	$ (17,932)
Unrestricted intergovernmental	464,600	464,600	465,934	1,334
Restricted intergovernmental	31,826	31,826	33,916	2,090
Permits and fees	6,750	6,750	5,904	(846)
Sales and services	240,564	240,564	237,956	(2,608)
Investment earnings	28,050	28,050	39,029	10,979
Miscellaneous	8,230	17,150	18,767	1,617
Total revenues	1,326,307	1,335,227	1,329,861	(5,366)
Expenditures:				
General government	262,213	288,582	255,494	33,088
Public safety	708,951	708,951	576,469	132,482
Streets	218,271	234,079	220,378	13,701
Environmental protection	123,232	123,232	103,162	20,070
Debt service:				
Principal retirement	27,040	27,044	27,043	1
Interest and other charges	8,384	8,384	8,382	2
Total expenditures	1,348,091	1,390,272	1,190,928	199,344
Revenues over expenditures	(21,784)	(55,045)	138,933	193,978
Other financing sources (uses):				
Sale of capital assets	4,000	4,000	2,575	(1,425)
Transfers to other funds	(9,928)	(10,275)	(7,628)	2,647
Appropriated fund balance	27,712	61,320	-	(61,320)
Total other financing sources (uses)	21,784	55,045	(5,053)	(60,098)
Revenues and other sources over expenditures and other uses	$ -	$ -	133,880	$ 133,880
Fund balances, beginning			1,081,401	
Fund balances, ending			$ 1,215,281	

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, 2025

Exhibit 7

	Wastewater Treatment Fund	Water and Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 83,558	$ 215,659	$ 299,217
Restricted cash	-	107,119	107,119
Accounts receivable, net	-	219,504	219,504
Prepaid expenses	771	-	771
Due from other governments	79,076	-	79,076
Inventories	-	126,559	126,559
Total current assets	163,405	668,841	832,246
Noncurrent Assets:			
Capital Assets:			
Land and other non-depreciable assets	-	5,250	5,250
Other capital assets, net of depreciation	2,201,811	8,982,377	11,184,188
Capital assets (net)	2,201,811	8,987,627	11,189,438
Total noncurrent assets	2,201,811	8,987,627	11,189,438
Total assets	2,365,216	9,656,468	12,021,684
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	81,552	81,552	163,104
Total deferred outflows of resources	81,552	81,552	163,104
LIABILITIES			
Current Liabilities:			
Accounts payable	10,446	68,501	78,947
Accrued payroll	2,509	2,661	5,170
Customer deposits	-	103,236	103,236
Compensated absences - current	17,755	7,648	25,403
Installment purchases - current	23,607	100,092	123,699
Total current liabilities	54,317	282,138	336,455
Noncurrent Liabilities:			
Compensated absences - noncurrent	117,040	19,453	136,493
Net pension liability	100,394	100,394	200,788
Installment purchases - noncurrent	354,099	2,842,456	3,196,555
Total noncurrent liabilities	571,533	2,962,303	3,533,836
Total liabilities	625,850	3,244,441	3,870,291
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	668	668	1,336
Total deferred inflows of resources	668	668	1,336
NET POSITION			
Net investment in capital assets	1,824,106	6,045,079	7,869,185
Restricted pursuant to loan requirements	-	3,883	3,883
Unrestricted	(3,856)	443,949	440,093
Total net position	$ 1,820,250	$ 6,492,911	$ 8,313,161

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, 2025

Exhibit 8

	Wastewater Treatment Fund	Water and Sewer Fund	Total
Operating Revenues:			
Charges for services	$ 1,051,925	$ 1,567,933	$ 2,619,858
Other operating revenues	1,158	2,433	3,591
Total operating revenues	1,053,083	1,570,366	2,623,449
Operating Expenses:			
Administration	392,694	397,659	790,353
Water and sewer operations	-	1,051,738	1,051,738
Water collection and treatment	546,676	-	546,676
Depreciation	58,905	510,095	569,000
Total operating expenses	998,275	1,959,492	2,957,767
Operating income (loss)	54,808	(389,126)	(334,318)
Nonoperating Revenues (Expenses):			
Investment earnings	-	13,234	13,234
Interest and other charges	-	(34,340)	(34,340)
Total nonoperating revenue (expenses)	-	(21,106)	(21,106)
Income (loss) before contributions and transfers	54,808	(410,232)	(355,424)
Transfers to (from) other funds	113,710	(106,429)	7,281
Change in net position	168,518	(516,661)	(348,143)
Total net position, beginning (as previously stated)	1,733,391	7,019,894	8,753,285
Prior period adjustment	(81,659)	(10,322)	(91,981)
Total net position, beginning (as restated)	1,651,732	7,009,572	8,661,304
Total net position, ending	$ 1,820,250	$ 6,492,911	$ 8,313,161

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, 2025

Exhibit 9

	Wastewater Treatment Fund	Water and Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	$ 1,034,542	$ 1,545,099	$ 2,579,641
Cash paid for goods and services	(571,691)	(1,075,752)	(1,647,443)
Cash paid to or on behalf of employees for services	(355,002)	(371,292)	(726,294)
Net customer deposits	-	3,924	3,924
Net cash from operating activities	107,849	101,979	209,828
Cash Flows from Non-Capital Financing Activities:			
Transfers (to) from other funds	113,710	(106,429)	7,281
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(119,236)	(97,720)	(216,956)
Principal paid on notes payable	(23,606)	(104,361)	(127,967)
Interest paid on notes payable	-	(34,340)	(34,340)
Net cash used by capital and related financing activities	(142,842)	(236,421)	(379,263)
Cash Flows from Investing Activities:			
Interest and dividends	-	13,235	13,235
Net increase (decrease) in cash and cash equivalents	78,717	(227,636)	(148,919)
Balances, beginning	4,841	550,414	555,255
Balances, ending	83,558	322,778	406,336
Reconciliation of operating income to net cash from by operating activities:			
Operating income (loss)	54,808	(389,126)	(334,318)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	58,905	510,095	569,000
Changes in assets and liabilities:			
Increase (decrease) in accounts receivable	(18,541)	(25,267)	(43,808)
Increase in prepaid expenses	(198)	-	(198)
Decrease in inventory	-	2,824	2,824
Decrease in deferred outflows of resources - pensions	32,993	32,993	65,986
Decrease in net pension liability	(30,134)	(30,134)	(60,268)
Decrease in deferred inflows of resources - pensions	(350)	(350)	(700)
Increase (decrease) in accounts payable	(7,183)	5,512	(1,671)
Decrease in accrued payroll	(7,749)	(16,090)	(23,839)
Increase in customer deposits	-	3,924	3,924
Increase (decrease) in compensated absences	25,298	7,598	32,896
Total adjustments	53,041	491,105	544,146
Net cash from operating activities	$ 107,849	$ 101,979	$ 209,828

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

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 $0.81 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:

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.

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.

FEMA Tech Grant SLCGP Fund. This fund is a capital project fund used to account for the financial resources used in the enhancement of cyber security.

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)

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.

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, FEMA Tech Grant SLCGP 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 are made in Board-designated official depositories and are secure as required by State law [G.S. 159-31]. The Town and it's 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 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, mutual funds shares when the mutual funds is certified by the Local Government Commission, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value.

The NCCMT Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1.

Town of Warrenton Restricted Cash

Governmental Activities:		
General Fund		
Streets	$	56,458
Economic Development		18,337
USDA		9,868
Total governmental funds		84,663
Business-Type Activities:		
Water and Sewer Fund		
Customer deposits		103,236
USDA		3,883
Total business-type activities		107,119
Total restricted cash	$	191,782

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, 2024.

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. Leases Receivable

The Town's leases receivable are 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,

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

buildings, improvements, equipment, vehicles, substations, lines, and other plant and distribution systems, $5,000; and infrastructure, $50,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015

are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or historical cost.

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

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

9. Right to use assets

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, 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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 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. The Town has used an average number of sick leave hours used over a five year look-back period to estimate an accrued liability at fiscal year end. 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 and proprietary financial statements.

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, 2025, Town staff and the Town Council elected to use $2,000 ARPA funds as revenue replacement. The $2,000 was expensed for administrative expenses in the General Fund.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for USDA - portion of fund balance that is restricted for debt service.

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

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

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

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

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

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

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

15. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this

purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Warrenton's employer contributions are recognized when due and the Town of Warrenton has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

16. Stewardship, Compliance and Accountability

Deficit in Fund Balance of Individual Funds
The nonmajor Frontier Warren Fund is reporting a deficit fund balance of $38,406. Donations and rents were less than expected for Frontier Warren, causing a deficit fund balance of $38,406. The plan is to increase rental income in Fiscal Year 2026 to offset this deficit fund balance.

The major Neighborhood Revitalization CDBG Fund is reporting a deficit fund balance of $5,330, as a result additional unfunded by expenditures were not funded by grant revenues.

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, 2025, the Town's deposits had a carrying amount of $377,144 and a bank balance of $411,607. 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, 2025, the Town's cash on hand totaled $100.

2. Investments

Investment balances as of June 30, 2025, were as follows:

II. DETAIL NOTES ON ALL FUNDS (continued):

Investment Type	Valuation Measurement Method	Book Value at 6/30/2024	Maturity	Rating
NC Capital Management Trust-Government Portfolio	Fair Value Level 1	$ 891,535	N/A	AAAm

Interest Rate Risk

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

Credit Risk

The Town has no formal policy regarding credit risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The Town's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2025.

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	$ 32,341	$ 34,028	$ 168,591	$ 234,960
Other governmental	144,318	-	70,309	214,627
Allowance for doubtful accounts	(7,607)	-	-	(7,607)
Total governmental activities	$ 169,052	$ 34,028	$ 238,900	$ 441,980
Business-Type Activities:				
Wastewater treatment	$ -	$ -	$ 79,076	$ 79,076
Water and sewer	342,328	-	-	342,328
Allowance for doubtful accounts	(122,824)	-	-	(122,824)
Total business-type activities	$ 219,504	$ -	$ 79,076	$ 298,580

Due from other governments consisted of the following:

Governmental Activities	
Warren County	$ 18,321
Local option sales tax	92,867
Motor fuel tax refund	338
Franchise tax	19,400
Sales tax claim for refund	37,665
Neighborhood Revitalization CDBG Grant Fund	30,309
Frontier Warren	40,000
	$ 238,900
Business-type Activities	
Town of Norlina	31,989
Warren County	47,087
	$ 79,076

II. DETAIL NOTES ON ALL FUNDS (continued):

4. Leases Receivable

The Town has a lease for space rented on Town water tanks from utility companies. On April 22, 2015, the Town entered into a 60 month lease as lessor with the utility company which was amended on June

12, 2017 to increase monthly rents paid in lieu of additional space used. The lessee has 2 extension options, each for 60 months. Under this lease the vendor pays the Town amounts ranging from $2,695 per month currently with costs adjustments every 5 years up to a maximum of $2,965 per month with the lease expiring April 21, 2030. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.6%, which was the Town's incremental borrowing rate at initial lease recognition. In fiscal year 2025, the Town recognized $26,778 of lease revenue and $5,983 of interest revenue under the lease. The remaining lease receivable at June 30, 2025 was $157,687 on this lease.

On April 15, 2025, the town in entered into a ten year lease with an utility company and five automatic renewals for five additional years for each period renewal. Under this lease, the vendor pays the town $2,695 per month. 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 5.3%, which was the Town's incremental borrowing rate at initial lease recognition. In fiscal year 2025, the Town recognized $4,234 of lease revenue and $6,475 of interest revenue under the lease. The remaining lease receivable at June 30, 2025 was $592,739 on this lease.

5. Capital Assets

Primary Government

For the year ended June 30, 2025, capital asset activity was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 84,026	$ -	$ -	$ 84,026
Construction in progress	347	163,725	-	164,072
	84,373	163,725	-	248,098
Capital assets being depreciated:				
Buildings	6,773	-	-	6,773
Equipment	296,731	9,000	-	305,731
Improvements	375,240	24,231	-	399,471
Vehicles and motorized equipment	419,735	-	28,727	391,008
Total depreciable capital assets	1,098,479	33,231	28,727	1,102,983
Less accumulated depreciation for:				
Buildings	6,073	100	-	6,173
Equipment	130,981	17,385	-	148,366
Improvements	97,793	25.420	-	123,213
Vehicles and motorized equipment	323,321	28,791	28,727	323,385
Total accumulated depreciation	558,168	71,696	28,727	601,137
Total capital assets being depreciated, net	540,309	(38,465)	-	501,846
Capital assets being amortized:				
Leased buildings	103,048	-	-	103,048

II. DETAIL NOTES ON ALL FUNDS (continued):

Less accumulated amortization for:				
Leased buildings	40,074	34,350	-	74,424
Total capital assets being amortized, net	62,974	(34,350)	-	28,624
Governmental activities capital assets, net	$ 687,658	$ 90,910	$	$ 778,568

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

Governmental Activities:	
General government	$ 74,583
Public safety	31,059
Streets	404
Total	$ 106,046

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
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	119,236	-	2,307,661
Equipment	139,654	-		139,654
Total capital assets, being depreciated	2,328,079	119,236	-	2,447,315
Less Accumulated Depreciation for:				
Improvements	58,530	56,956	-	115,486
Equipment	128,069	1,949	-	130,018
Total accumulated depreciation	186,599	58,905	-	245,504
Total capital assets, being depreciated, net	2,141,480			2,201,811
Wastewater Treatment Fund capital assets	2,141,480			2,201,811
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	97,720	-	8,530,742
Vehicles	483,670	-	-	483,670
Intangibles	251,500	-	-	251,500
Equipment	252,962	-	-	252,962
Total capital assets being depreciated	15,444,179	97,720	-	15,541,899
Less Accumulated Depreciation for:				
Water and sewer lines	4,508,243	206,107	-	4,714,350

II. DETAIL NOTES ON ALL FUNDS (continued):

Water and sewer plant	73.480	4,396	-	77,876
Improvements	882,353	217,399	-	1,099,752
Vehicles	286,218	52,692	-	338,910
Intangibles	75,450	25,150	-	100,600
Equipment	223,683	4,351	-	228,034
Total accumulated depreciation	6,049,427	$ 510,095	$ -	6,559,522
Total capital assets being depreciated, net	9,394,752			8,982,377
Water and Sewer Fund capital assets, net	9,400,002			8.987.627
Business-type activities capital assets, net	$ 11,541,482			$ 11,189,438

B. Liabilities

1. Pension Plan and Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description

The Town of Warrenton is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be 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

II. DETAIL NOTES ON ALL FUNDS (continued):

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, 2025, was 21.89% of compensation for law enforcement officers and 20.45% 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 $189,157 for the year ended June 30, 2025.

Refunds of Contributions - Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2025, the Town reported a liability of $501,970 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2024 (measurement date), the Town's proportion was .00745%, which was a decrease of .00240% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of $201,371. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 87,964	$ 591
Changes of assumptions	-	-
Net difference between projected and actual earnings pension plan investments	68,243	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	62,396	2,750
Town contributions subsequent to the measurement date	189,157	-
Total	$ 407,760	$ 3,341

$189,157 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

II. DETAIL NOTES ON ALL FUNDS (continued):

year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	$ 85,355
2027	120,829
2028	16,793
2029	(7,715)
Total	$ 215,262

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 percent to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 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, 2025 are summarized in the following table:

II. DETAIL NOTES ON ALL FUNDS (continued):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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

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:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	$ 889,506	$ 501,970	$ 183,169

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

II. DETAIL NOTES ON ALL FUNDS (continued):

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, 2023, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	3
Total	3

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, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 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, 2023.

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 $6,516 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 $57,376. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension

II. DETAIL NOTES ON ALL FUNDS (continued):

liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of 5,642.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,424	$ 20,271
Changes of assumptions	10,090	7,530
Benefit payments and administrative expenses subsequent to the measurement date	6,516	-
Total	$ 21,030	$ 27,801

$6,516 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, 2025. 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:	
2026	(876)
2027	(992)
2028	(2,432)
2029	(4,565)
2030	(3,195)
Thereafter	(1,227)

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 4.28 percent, as well as what the Town's

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

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	$ 60,418	$ 57,376	$ 54,543

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

	2025
Beginning balance	$ 75,943
Service cost	4,908
Interest on the total pension liability	2,907
Differences between expected and actual experience in the measurement of the total pension liability	(19,036)
Changes of assumptions or other inputs	(830)
Benefit Payments	(6,516)
Ending balance of the total pension liability	$ 57,376

II. DETAIL NOTES ON ALL FUNDS (continued):

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, 2023 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	$ 201,371	$ 5,642	$ 207,013
Pension Liability	501,970	57,376	559,706
Proportionate share of the net pension liability	.00745%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	87,964	4,424	92,388
Changes of assumptions	-	10,090	10,090
Changes in proportion and differences between contributions and proportionate share of contributions	62,396	-	62,396
Benefit payments and administrative costs paid subsequent to the measurement date	189,157	6,516	195,673
Net difference between projected and actual earnings on plan investments	68,243	-	68,243
Deferred Inflows of Resources			
Differences between expected and actual experience	591	20,271	20,862
Changes in proportion and differences between contributions and proportionate share of contributions	2,750	-	2,750
Changes of assumptions	-	7,530	7,530

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

II. DETAIL NOTES ON ALL FUNDS (continued):

officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025, were $8,157, which consisted of $8,157 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.

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	$	195,673
Pension deferrals		233,117
Total	$	428,790

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

		Statement of Net Position		Governmental Funds Balance Sheet
Taxes Receivable (General Fund)	$	-	$	34,028
Leases Receivable (General Fund)		732,132		732,132
Leases Receivable (Special Revenue Fund)		780		780
Prepaid Taxes		2,487		2,487
Pension deferrals		31,142		-
Total	$	766,541	$	769,427

II. DETAIL NOTES ON ALL FUNDS (continued):

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.

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%.	$	110,133
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%		10,380
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%		40,814
Total installment purchase contracts	$	161,327

II. DETAIL NOTES ON ALL FUNDS (continued):

The annual requirements to retire all installment purchase contracts outstanding as of June 30, 2025, are as follows:

Year Ended June 30	Governmental Activities Principal	Interest	Total
2026	23,340	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	21,712	3,503	25,215
2031-2035	51,299	5,548	56,847
Total	$ 161,327	$ 32,462	$ 193,789

Business-Type Activities:

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.	84,176
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.	131,632
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.	110,000
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.	377,706
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%	202,334
$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%.	1,659,000
$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%.	691,000
An agreement was executed with USDA 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)	50,851

II. DETAIL NOTES ON ALL FUNDS (continued):

An agreement was executed with USDA 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)		13,554
Total installment purchase contracts	$	3,320,253

The annual requirements to retire all installment purchase contracts outstanding as of June 30, 2025, are as follows:

	Business-Type Activities		
Year Ended June 30	Principal	Interest	Total
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	128,281	27,679	155,960
2031-2035	556,074	121,887	677,962
2036-2040	534,491	101,347	635,838
2041-2045	386,903	81,359	468,262
2046-2050	384,184	60,244	444,429
2051-2055	405,194	37,973	443,167
2056-2060	423,993	14,380	438,373
Total	$ 3,320,253	$ 586,717	$ 3,888,970

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 $28,624 at June 30, 2025. 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
2026	29,558	442	30,000
Total	$ 29,558	$ 442	$ 30,000

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	$ 188,370	$ -	$ 27,043	$ 161,327	$ 23,341
Lease liabilities	63,968	-	34,410	29,558	29,558
Net pension liability (LGERS)	391,583	23,093	113,494	301,182	-
Net pension liability (LEOSSA)	75,943	-	18,567	57,376	-
Compensated absences	66,266	70,280	45,573	90,973	29,254
Total governmental activities	$ 786,130	$ 93,373	$ 239,087	$ 640,416	$ 82,153
Business-Type Activities:					
Installment purchases	$ 3,448,220	$ -	$ 127,968	$ 3,320,254	$ 123,698
Net pension liability (LGERS)	261,056	15,395	75,663	200,788	-
Compensated absences	129,001	71,339	38,443	161,896	25,404
Total business-type activities	$ 3,838,277	$ 86,734	$ 242,074	$ 3,682,938	$ 149,102

The legal debt margin for the Town of Warrenton is $5,420,799.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2025 is as follows:

	Governmental-Type Activities	Business-Type Activities
Capital assets	$ 778,568	$ 11,189,438
Less: Long-term debt	190,885	3,320,253
Net investment in capital assets	$ 587,683	$ 7,869,185

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 - 34.15%, Warrenton - 42.65%, and Norlina 23.20%. 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, 2026. 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.

II. DETAIL NOTES ON ALL FUNDS (continued):

A summary of these transactions for the year ended June 30, 2025 follows:

From the General Fund to the Water and Sewer Fund - to reimburse expenditures	$	7,281
From the Water and Sewer Fund to the Water Treatment Fund - to reimburse expenditures		113,710
From the WWTP Grant Fund to the Water Treatment Fund - to close capital project fund		10,834
From the General Fund to the Golden Leaf Stormwater Improvement Capital Project Fund - to reimburse expenditures		347
Total	$	132,172

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	$	1,215,281
Less:		
Non-spendable		-
Stabilization by State statute		430,410
USDA		9,868
Streets-Powell Bill		56,458
Remaining fund balance	$	718,545

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 $562 in dues to the Council during the year ended June 30, 2025.

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 - The Town is a defendant to a lawsuit involving a police officer formerly employed by the Town. The outcome of the lawsuit is uncertain. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters may have a material adverse effect on the Town's financial position. A reasonable estimate of the loss cannot be made.

V. CHANGE IN ACCOUNTING PRINCIPL.E

GASB Statement No 101, Compensated Absences, was implemented for the current year. This implementation resulted in a decrease in beginning net position of $35,611 for governmental activities, and decrease in beginning net position for business-type activities of $91,981.

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

SCHEDULE 1

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Warrenton's proportion of the net pension liability (asset) (%)	0.00745%	0.00985%	0.00992%	0.01023%	0.01024%	0.00864%	0.00870%	0.01100%	0.01191%	0.01015%
Warrenton's proportion of the net pension liability (asset) ($)	$ 501,970	$ 652,639	$ 559,630	$ 156,887	$ 365,919	$ 235,952	$ 206,394	$ 168,050	$ 252,770	$ 45,552
Warrenton's covered payroll	931,610	976,412	840,726	775,837	744,419	693,583	661,731	693,131	674,953	610,237
Warrenton's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.88%	66.84%	66.57%	20.22%	49.15%	34.02%	31.19%	24.25%	37.45%	7.46%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

*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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 189,157	$ 185,596	$ 187,215	$ 154,486	$ 129,830	$ 120,920	$ 104,607	$ 95,971	$ 97,279	$ 88,326
Contributions in relation to the contractually required contribution	189,157	185,596	187,215	154,486	129,830	120,920	104,607	95,971	97,279	88,326
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Warrenton's covered payroll	$ 915,758	$ 931,610	$ 976,412	$ 840,726	$ 775,837	$ 744,419	$ 693,583	$ 661,731	$ 693,131	$ 674,953
Contributions as a percentage of covered payroll	20.66%	19.92%	19.17%	18.38%	16.73%	16.24%	15.08%	14.50%	14.03%	13.09%

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

SCHEDULE 3

LAST NINE YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	$ 75,943	$ 63,067	$ 64,380	$ 66,852	$ 31,828	$ 25,977	$ 26,571	$ 50,058	$ 46,433
Service Cost	4,908	5,481	6,402	6,551	3,522	2,461	2,643	2,444	3,361
Interest on the total pension liability	2,907	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	(19,036)	3,516	871	(8,773)	3,809	1,357	(2,861)	(29,964)	-
Changes of assumptions or other inputs	(830)	1,161	(10,035)	(1,540)	26,655	1,087	(1,216)	2,101	(1,394)
Benefit payments	(6,516)		-	-	-	-	-	-	-
Ending balance of the total pension liability	$ 57,376	$ 75,943	$ 63,067	$ 64,380	$ 66,852	$ 31,828	$ 25,977	$ 26,571	$ 50,058

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 ALOWANCE-
SCHEDULE OF TOTAL PENSION OBLIGATION AS A PERCENTAGE OF COVERED PAYROLL

SCHEDULE 4

LAST NINE YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	$ 57,376	$ 75,943	$ 63,067	$ 64,380	$ 66,852	$ 31,828	$ 25,977	$ 25,977	$ 50,058
Covered payroll	$ 199,286	$ 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	28.79%	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, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		$ 471,338	
Motor vehicles taxes		54,599	
Penalties and interest		2,418	
Total	546,287	528,355	(17,932)
Unrestricted intergovernmental:			
Local option sales taxes		367,442	
Utility franchise tax		92,677	
Beer and wine tax		3,274	
Gas tax refund		1,900	
Solid waste diposal tax		641	
Total	464,600	465,934	1,334
Restricted intergovernmental:			
Powell Bill allocation		33,916	
Total	31,826	33,916	2,090
Permits and fees:			
Zoning fees		1,300	
Code enforcement		4,475	
Parking fees and enforcement		50	
Court fees		79	
Total	6,750	5,904	(846)
Sales and services:			
Landfill fees		206,944	
Cell tower rent		31,012	
Miscellaneous		18,767	
Total	257,714	256,723	(991)
Investment earnings	28,050	39,029	10,979
Total revenues	1,335,227	1,329,861	(5,366)

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, 2025

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General Government			
Governing Body			
Personnel services		$ 1,615	
Operating expenditures		83	
Total	2,285	1,698	587
Administration			
Personnel services		321,785	
Operating expenditures		103,483	
Administrative fee paid by Water and Sewer		(171,472)	
Total	286,297	253,796	32,501
Total general government	288,582	255,494	33,088
Public Safety			
Police			
Personnel services		367,905	
Operating expenditures		106,567	
Capital outlay		9,000	
Total	615,023	483,472	131,551
Fire			
Personnel services		3,647	
Operating expenditures		89,350	
Total	93,928	92,997	931
Total public safety	708,951	576,469	132,482
Streets			
Street repair and construction			
Personnel services		115,754	
Operating expenditures		80,393	
Capital outlay		24,231	
Total	234,079	220,378	13,701
Total streets	234,079	220,378	13,701

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, 2025

	Budget	Actual	Variance Positive (Negative)
Environmental Protection			
Sanitation			
Personnel services		$ 70,865	
Operating expenditures		32,297	
Total	123,232	103,162	20,070
Total environmental protection	123,232	103,162	20,070
Debt service			
Principal retirement		27,043	
Interest and other charges		8,382	
Total	35,428	35,425	3
Total expenditures	1,390,272	1,190,928	199,344
Revenues over (under) expenditures	(55,045)	138,933	193,978
Other financing sources (uses):			
Sale of capital assets		2,575	
Transfers to other funds		(7,628)	
Total	55,045	(5,053)	(60,098)
Revenues and other financing sources under expenditures and other financing uses	$ -	133,880	$ 133,880
Fund balances, beginning		1,081,401	
Fund balances, ending		$ 1,215,281	

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, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
CDBG grant revenue	$ 970,000	$ 674,774	$ 275,226	$ 950,000	$ (20,000)
Expenditures:					
Current:					
Economic & Physical Dev					
Project cost	900,000	639,176	259,428	898,604	1,396
Administrative expense	70,000	35,726	21,000	56,726	13,274
Total expenditures	970,000	674,902	280,428	955,330	14,670
Revenues under expenditures	$ -	$ (128)	(5,202)	$ (5,330)	$ (5,330)
Fund balance, beginning			(128)		
Fund balance, ending			$ (5,330)		

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

SCHEDULE 7

June 30, 2025

	Special Revenue				Capital Project	
	Revolving Loan Fund	Frontier Warren Fund	FEMA Tech Grant SLCGP Fund	Total Special Revenue Funds	Golden Leaf Stormwater Improvements Fund	Total Nonmajor Governmental Funds
ASSETS						
Restricted cash	$ 18,337	$ -	$ -	$ 18,337	$ -	$ 18,337
Accounts receivable	-	1,773	8,843	10,616	135,475	146,091
Prepaid expense	-	-	7,128	7,128	-	7,128
Due from other governments	-	40,000	-	40,000	-	40,000
	$ 18,337	$ 41,773	$ 15,971	$ 76,081	$ 135,475	$ 211,556
LIABILITIES						
Accounts payable	-	1,733	4,098	5,831	-	5,831
Due to other funds	-	77,666	11,873	89,539	130,475	220,014
	-	79,399	15,971	95,370	130,475	225,845
DEFERRED INFLOWS OF RESOURCES						
Leases	-	780	-	780	-	780
FUND BALANCES						
Restricted:						
Economic and physical development	18,337	-	-	18,337	5,000	23,337
Unassigned	-	(38,406)	-	(38,406)	-	(38,406)
Total fund balances	18,337	(38,406)	-	(20,069)	5,000	(15,069)
Total liabilities and fund balances	$ 18,337	$ 41,773	$ 15,971	$ 76,081	$ 135,475	$ 211,556

TOWN OF WARRENTON, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 8

	Special Revenue						Capital Project	
	Revolving Loan Fund	Frontier Warren Fund	American Rescue Plan Grant Fund	EPA Brownfield Assessment Grant Fund	FEMA Tech Grant SLCGP Fund	Total Special Revenue Funds	Golden Leaf Stormwater Improvements Fund	Total Nonmajor Governmental Funds
Revenues:								
Restricted intergovernmental	$ -	$ 66,667	$ 2,000	$ 3,875	$ 14,014	$ 86,556	$ 155,725	$ 242,281
Miscellaneous	-	44,400	-	-	-	44,400	-	44,400
Total revenues	-	111,067	2,000	3,875	14,014	130,956	155,725	286,681
Expenditures:								
General government	-	-	2,000	-	14,014	16,014	-	16,014
Economic and physical development	-	111,199	-	-	-	111,199	-	111,199
Environmental protection	-	-	-	3,875	-	3,875	-	3,875
Capital outlay	-	-	-	-	-	-	163,725	163,725
Total expenditures	-	111,199	2,000	3,875	14,014	131,088	163,725	294,813
Revenues over (under) expenditures	-	(132)	-	-	-	(132)	(8,000)	(8,132)
Other financing sources (uses):								
Debt issuance	-	-	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-	347	347
Transfer to other funds	-	-	-	-	-	-	-	-
Total other financings sources (uses)	-	-	-	-	-	-	347	347
Net change in fund balance	-	(132)	-	-	-	(132)	(7,653)	(7,785)
Fund balances, beginning	18,337	(38,274)	-	-	-	(19,937)	12,653	(7,284)
Fund balances, ending	$ 18,337	$ (38,406)	$ -	$ -	$ -	$ (20,069)	$ 5,000	$ (15,069)

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, 2025

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

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, 2025

	Current Authorization	Actual Current Year	Variance Positive (Negative)
Revenues:			
Rental income	$ 48,540	$ 44,400	$ (4,140)
Federal grant	80,000	66,667	(13,333)
Total revenues	128,540	111,067	(17,473)
Expenditures:			
Current:			
Economic development			
Operating expenses	128,540	111,199	17,341
Revenues under expenditures	$ -	(132)	$ (132)
Fund balance, beginning		(38,274)	
Fund balance, ending		$ (38,406)	

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

SCHEDULE 11

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:					
Federal grant	$ 265,475	$ 263,475	$ 2,000	$ 265,475	$ -
Expenditures:					
Current:					
General government					
Administration	149,999	121,318	2,000	123,318	26,681
Capital outlay	23,100	49,782	-	49,782	(26,682)
Total expenditures	173,099	171,100	2,000	173,100	(1)
Revenues over expenditures	92,376	92,375	-	92,375	(1)
Other financing uses:					
Transfers to other funds	(92,376)	(92,375)	-	(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, 2025

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Federal grant	$ 279,386	$ 275,511	$ 3,875	$ 279,386	$ -
Expenditures:					
Current:					
Environmental protection					
Professional fees	277,470	273,595	3,875	277,470	-
Supplies	-	1,916	-	1,916	(1,916)
Travel	1,916	-	-	-	1,916
Total expenditures	279,386	275,511	3,875	279,386	-
Revenues over expenditures	$ -	$ -	-	$ -	$ -
Fund balance, beginning			-		
Fund balance, ending			$ -		

TOWN OF WARRENTON, NORTH CAROLINA

SCHEDULE 13

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, 2025

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
State grant	$ 196,448	$ -	$ 155,725	$ 155,725	$ (40,723)
Expenditures:					
Environmental protection project:					
Capital outlay					
Land	8,347	-	8,347	8,347	-
Construction	196,448	-	150,725	150,725	45,723
Professional Fees	5,000	347	4,653	5,000	-
Total expenditures	209,795	347	163,725	164,072	45,723
Revenues over (under) expenditures	(13,347)	(347)	(8,000)	(8,347)	5,000
Other Financing Sources (Uses):					
Transfer from General Fund	13,347	13,000	347	13,347	-
Revenues and other financing sources over (under) expenditures	$ -	$ 12,653	(7,653)	$ 5,000	$ 5,000
Fund balance, beginning			12,653		
Fund balance, ending			$ 5,000		

TOWN OF WARRENTON, NORTH CAROLINA SCHEDULE 14

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL (NON-GAAP) - SPECIAL REVENUE FUND -
FEMA TECH GRANT SLCGP FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Federal grant	$ 48,982	$ -	$ 14,014	$ 14,014	$ (34,968)
Expenditures:					
Current:					
General government					
Operating expenses	48,982	-	14,014	14,014	34,968
Total expenditures	48,982	-	14,014	14,014	34,968
Revenues over (under) expenditures	$ -	$ -	-	$ -	$ -
Fund balance, beginning			-		
Fund balance, ending			$ -		

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, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Wastewater Treatment		$ 1,051,925	
Total operating revenues	985,528	1,051,925	66,397
Nonoperating revenues:			
Miscellaneous revenue	-	1,158	
Total nonoperating revenues	-	1,158	1,158
Total revenues	985,528	1,053,083	67,555
Expenditures:			
Operating expenditures:			
Salaries and benefits		347,253	
Audit		11,500	
Telephone and postage		6,134	
Freight		2,320	
Light and heat		77,014	
Insurance and bonds		20,520	
Materials and supplies		101,845	
Vehicle maintenance		2,923	
Truck expense		9,040	
Equipment and plant maintenance		123,446	
Uniforms		5,875	
Sludge hauling		75,539	
Influent debris removal		6,793	
Kerr-Pamlico Basin Association		2,880	
Permits and fees		15,001	
OSHA compliance		1,125	
Lab analysis and supplies		37,118	
Computer supplies and support		3,123	
Continuing education		403	
Advertising		594	
Administrative fee		61,118	
Capital outlay		119,236	
Debt principal		23,607	
Total	1,110,072	1,054,407	55,665
Revenues under expenditures	(124,544.00)	(1,324.00)	123,220.00

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, 2025

	Budget	Actual	Variance Positive (Negative)
Other financing sources:			
Transfers from other funds			
Transfer in from Water/Sewer	$ 113,710.00	$ 113,710.00	$ -
Transfer in from WWTP Grant	10,834	10,834	-
Total other financing sources	124,544	124,544	-
Revenues and other financing sources over expenditures	$ -	$ 123,220	$ 123,220

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:	
Depreciation	(58,905)
Increase in compensated absences	(25,296)
Principal payments on debt	23,607
Capital outlay	119,236
Decrease in deferred outflows of resources - pensions	(32,993)
Decrease in net pension liability	30,134
Increase in deferred inflows of resources - pensions	349
Intrafund Transfer	(10,834)
Total reconciling items	45,298
Change in net position	$ 168,518

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, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual 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	-
	1,633,443	1,633,443	-	1,633,443	-
Expenditures:					
Construction costs:					
Construction costs	1,822,117	1,822,116	-	1,822,116	1
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	264,287	264,288	-	264,288	(1)
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	87,163	87,163	-	87,163	-
Total expenditures	2,173,567	2,173,567	-	2,173,567	-
Revenues under expenditures	(540,124)	(540,124)	-	(540,124)	-
Other financing sources (uses):					
Transfer to Water Treatment Plant Fund	(10,834)	-	(10,834)	(10,834)	-
Transfer from Wastewater Treatment					-
Plant Fund	78,826	78,826	-	78,826	-
NC DEQ loan	472,132	472,132	-	472,132	-
Total other financing sources (uses)	540,124	550,958	(10,834)	540,124	-
Revenues and other financing sources over (under) expenditures and other fianancing uses	$ -	$ 10,834	(10,834)	$ -	$ -
Net position, beginning			10,834		
Net position, ending			$ -		

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, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Water and sewer sales		$ 1,530,653	
Water and sewer taps/connection fees		37,280	
Total operating revenues	1,587,084	1,567,933	(19,151)
Nonoperating revenues:			
Interest earnings		13,234	
Miscellaneous revenue		2,433	
Total nonoperating revenues	15,439	15,667	228
Total revenues	1,602,523	1,583,600	(18,923)
Expenditures:			
Operating expenditures:			
Salaries and benefits		355,202	
Water purchases		216,311	
Sewer purchases		424,845	
Town Tap Expense		28,376	
Audit		11,500	
Equipment maintenance		19,230	
Building maintenance		5,367	
Utilities		24,294	
Contracted services		57,976	
Insurance and bonds		17,808	
Departmental supplies and materials		58,263	
Uniforms		5,883	
Telephone and postage		20,850	
Advertising		590	
Rents		1,000	
Truck expense		15,625	
Continuing education		983	
Dues and permits		4,230	
Certified lab expense		1,275	
Computer supplies and support		18,874	
Contract maintenance		19,567	
Wastewater treatment plant rehab		20,884	
Administrative fee		110,354	
Capital outlay		97,720	
Debt service			
Principal		104,361	
Interest		34,340	
Total expenditures	1,728,611	1,675,708	52,903

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, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues under expenditures	$ (126,088)	$ (92,108)	$ 33,980
Other financing sources (uses):			
Transfer from General Fund:		7,281	-
Transfer to Waste Water Treatment Plant Fund		(113,710)	
Total other financing sources (uses)	126,088	(106,429)	(232,517)
Revenues and other sources under expenditures and other uses	$ -	$ (198,537)	$ (198,537)

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:		
Principal retirement		104,361
Capital outlay		97,720
Decrease in deferred outflows of resources - pensions		(32,993)
Decrease in net pension liability		30,133
Decrease in deferred inflows of resources - pensions		350
Depreciation		(510,095)
Increase in compensated absences		(7,600)
Total reconciling items		(318,124)
Change in net position		$ (516,661)

TOWN OF WARRENTON, NORTH CAROLINA SCHEDULE 18
SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND

YEAR ENDED JUNE 30, 2025

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections And Credits	Uncollected Balance June 30, 2025
2024-2025	$ -	$ 533,110	$ 518,002	$ 15,108
2023-2024	17,342	-	9,947	7,395
2022-2023	3,332	-	514	2,818
2021-2022	2,143	-	190	1,953
2020- 2021	2,029	-	165	1,864
2019- 2020	1,005	-	25	980
2018- 2019	1,039	-	-	1,039
2017- 2018	930	-	-	930
2016- 2017	972	-	2	970
2015- 2016	971	-	-	971
2014- 2015	791	-	791	-
	$ 30,554	$ 533,110	$ 529,636	$ 34,028

Reconcilement with revenues:

Ad valorem taxes - General Fund	$ 528,355
Reconciling items:	
Adjustments	3,426
Interest collected	(2,418)
Releases	273
Subtotal	1,281
Total collections and credits	$ 529,636

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

SCHEDULE 19

YEAR ENDED JUNE 30, 2025

	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	$ 62,872,895	0.76	$ 477,834	$ 477,834	$ -
Discoveries	-	0.76	-	-	-
Registered motor vehicles	7,363,421	0.76	55,962	-	55,962
Total	70,236,316		533,796	477,834	55,962
Abatements	(90,263)	0.76	(686)	(686)	-
Total Property Valuation	$ 70,146,053				
Net levy			$ 533,110	$ 477,148	$ 55,962
Uncollected taxes at June 30, 2025			(15,108)	(15,001)	(107)
Current year's taxes collected			$ 518,002	$ 462,147	$ 55,855
Current levy collection percentage			97.17%	96.86%	99.81%

Joyce and
Company,
CPA

Certified Public Accountants

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, 2025, 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 29, 2025.

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

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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

JOYCE AND COMPANY, CPA
Cary, North Carolina

October 29, 2025

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

For the year ended June 30, 2025

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	____	yes	X	no
• Significant deficiency (s) identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to financial statement noted	____	yes	X	no

Federal Awards

The Town of Warrenton has no major federal programs.

State Awards

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, 2025

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-Through Grantor's Number	Federal Direct and Pass-Through Expenditures	State Expenditures	Local Expenditures
Federal Grants:					
Cash Programs:					
United States Department of Agriculture					
Community Facilities Loans and Grants (Principal & Interest)	10.766		$ 13,929	$ -	$ -
United States Department of Treasury					
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	2,000	-	-
Environmental Protection Agency					
Brownfield Assessment and Cleanup	66.818	02D08021	3,875	-	-
US Department of Housing & Urban Development					
Passed through N.C. Department of Commerce					
Community Development Block Grant - Neighborhood Revitalization	14.228	18-C-3079	280,428	-	$ -
United States Department of Homeland Security					
Passed through N.C. Department of Public Safety:	97.137	EMW-2023-CY-00066	14,014	-	-
State & Local Cybersecurity Government & Grant Program					
Southeast Crescent Regional Commission					
State and Economic Infrastructure Development	90.705	SEID23NC041	66,667	-	-
Total assistance-federal programs			380,913	-	-
State Grants:					
Cash Programs:					
North Carolina Department of Transportation					
Non-State System Street-Aid Allocation					
Powell Bill	N/A	DOT-4	-	36,656	-
Total federal and state assistance			$ 380,913	$ 36,656	$ -

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, 2025. 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, 2025 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 Jume 30, 2025 consist of:

Program Title	Federal Assistance Listing No.	Pass-Through Grantor's Number	Amount Outstanding
Community Facilities Loans and Grants	10.766	-	$ 64,405
Waste Water Treatment Plant Rehabilitation	N/A	E-SRP-W-17-0038	$ 377,706