

TOWN OF WILKESBORO

WILKESBORO, NORTH CAROLINA



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

TOWN OF WILKESBORO, NORTH CAROLINA

INFORMATION ABOUT THE COVER

FOR THE YEAR ENDED JUNE 30, 2024

The picture on the cover of this year's Annual Comprehensive Financial Report is Heritage Square (the "Square"). It is located across North Bridge from the Carolina West Wireless Community Commons and Wilkes Communications Pavilion.

The Square was designed to evoke the stately lawn of the historic courthouse while also offering gathering spaces for all ages. The Veterans Monument and Bricks honoring military service are prominently placed along with a historic canon. A splash pad was added in 2018 and features 29 jets, colorful lighting, and has tile work arranged in an "Ohio Star" quilt pattern to reflect the region's artisan heritage.

The picture was taken by Mia Brown who is a member of the Town's finance team. Mia is a dedicated employee with over 17 years of service to the Town. She practices photography as a hobby and has a keen eye for detail in both her work and her hobby.

TOWN OF WILKESBORO, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024



Prepared by:
Finance Department

Submitted by:
Halee Ratcliff, Finance Director

TOWN OF WILKESBORO, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION



TOWN OF WILKESBORO

"Where the Mountains Begin"

P.O. Box 1056 • 203 West Main Street

Wilkesboro, North Carolina 28697

www.wilkesboronc.org

Phone (336) 838 - 3951 • Fax (336) 838 - 7616

November 20, 2024

To the Honorable Mayor, Members of Town Council
and Citizens of the Town of Wilkesboro:

The very first annual comprehensive financial report ("ACFR") of the Town of Wilkesboro, North Carolina (the "Town" or "Wilkesboro") for the fiscal year ended June 30, 2024 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the ACFR, including all disclosures, rests with the Town's finance team. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the Town's various activities and funds. All disclosures required by accounting principles generally accepted in the United States of America (aka "GAAP") and the laws of North Carolina (aka "NCGS" or "General Statutes") and are necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The General Statutes require every local government in North Carolina (the "State") to engage a qualified certified public account to audit its basic financial statements in accordance with auditing standards generally accepted in the United States of America (aka "GAAS") as well as compliance audits performed in accordance with federal and state regulations (if applicable). The Town has contracted with Mauldin & Jenkins (a certified public accounting firm) to perform the audit as of and for the fiscal year ended June 30, 2024. Their report is located at the front of the "Financial Section" of this report. They have issued an unmodified ("clean") opinion of the Town's basic financial statements.

The financial section of this ACFR includes a narrative discussion from the Town's finance team called "Management's Discussion and Analysis" (aka "MDA"). The MDA immediately follows the independent auditors' report and provides an introduction, overview, and analysis of the basic financial statements. The MDA is designed to complement this letter of transmittal and should be read in conjunction with it.

The Town is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that the Town's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the Town's basic financial statements in accordance with GAAP. The Town's framework of internal controls provides reasonable, but not absolute, assurance that the basic financial statements will be free from material misstatement. As management of the Town, we believe the Town's internal controls meets these objectives.

Profile of the Government



The Town, incorporated in 1847, is located in the northwestern part of the State, at the foothills of the Blue Ridge Mountains. Wilkesboro is the county seat for Wilkes County (the "County") and currently occupies 6.4 square miles serving a population of 3,687. The Town is empowered to levy a property tax on real property located within its boundaries. It also is empowered by NCGS to extend

its corporate limits by annexation, which it has done from time to time.

The Town has operated under the mayor-council form of government since 2006. Policymaking and legislative authority are vested in the Town Council consisting of the mayor and four other members, all of whom are elected at large. Council members and the mayor are elected to serve four-year terms. The Mayor with Council approval appoints the Town Manager, who in turn hires its various department heads.

Dale Isom
MAYOR

Kenneth D Noland
TOWN MANAGER
townmanager@wilkesboronc.org

Donna Rhodes
TOWN CLERK

Nellie Archibald
Claude Andrew "Andy" Soots
Russ Ferree
COUNCIL MEMBERS

Jimmy Hayes
MAYOR PRO TEM

The Town provides a full range of services, including police and fire protection; garbage and recycling collection; snow and leaf removal; licenses and permits; the construction and maintenance of roadways within the town limits, and other infrastructure; recreational and cultural activities like parks. Water distribution, wastewater treatment, water and sewer construction services are also provided by the Town and accounted for in three separate departments within a proprietary enterprise fund.

The Town is financially accountable for certain legally separate organizations that are reported as component units. The financial accountability is determined in accordance with criteria established by the Government Accounting Standards Board ("GASB"):

- The *Wilkesboro Acholic Beverage Control Board* ("ABC Board") is a discretely presented component unit.
- The *Wilkesboro Tourism Development, Convention, and Visitors Bureau* ("Tourism Bureau") is a discretely presented component unit but it was dissolved this year as discussed in more detail in the notes to the basic financial statements.
- The *Friends of Wilkesboro, Inc.* ("FoW") is presented as a blended component unit.

The Town is required (NCGS 159, Article 3 - *The Local Government Budget and Fiscal Control Act*) to adopt a balanced budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the Town's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police), but legally adopted and controlled at the function level. Multi-year project funds are required to adopt project ordinances which are effective for the life of the project.

Local Economy

Wilkesboro boasts a vibrant and diverse economy that serves as a strong foundation for the Town's overall growth and development. As a key economic hub within its region, Wilkesboro thrives on a variety of industries and sectors, fostering both stability and innovation. This section provides an overview of the Town's robust economy, highlighting its key sectors, major contributors, and the Town's prospects.

Manufacturing and Industrial Base

Wilkesboro's economy benefits significantly from a well-established manufacturing and industrial base. The Town is home to several industrial parks and manufacturing facilities that play a vital role in driving economic activity. These industries encompass various sectors, including automotive parts, textiles, furniture, and food processing. The presence of these manufacturing enterprises provides stable employment opportunities, stimulates local entrepreneurship, and contributes to the overall economic growth of Wilkesboro.

Agriculture and Agribusiness



Wilkesboro's rich agricultural heritage remains an integral part of its economy. The Town and its surrounding areas are known for their fertile lands, supporting a thriving agricultural sector. Local farmers cultivate a wide range of crops such as tobacco, corn, soybeans, and fruits, bolstering the region's agribusiness activities. The agricultural sector also spurs related industries such as food processing, distribution, and agricultural equipment manufacturing, providing a significant economic boost to the Town. Tyson Farms, Inc. is the largest employer in Wilkesboro.

Retail and Services

Wilkesboro boasts a vibrant retail sector that caters to both its residents and visitors. The Town features a diverse array of shopping centers, local boutiques, restaurants, and entertainment venues. These establishments not only contribute to the Town's economic vitality but also serve as attractive destinations for tourism and recreation. Moreover, a robust services sector thrives in Wilkesboro, encompassing healthcare, education, professional services, and hospitality. The provision of these services ensures a high quality of life for the residents and supports the local economy.

Small Business and Entrepreneurship

Wilkesboro takes pride in its entrepreneurial spirit and supportive business environment, making it an ideal destination for small businesses and startups. The Town fosters a culture of innovation and provides resources, mentorship, and networking opportunities for budding entrepreneurs. The small business community plays a crucial role in diversifying the local economy, creating jobs, and driving economic growth. Wilkesboro's commitment to nurturing small businesses has resulted in a dynamic and resilient economic landscape.

Long – Term Planning & Initiatives

The Town has several initiatives and plans in place to further enhance Wilkesboro's housing, recreation, and infrastructure. Last May, a feasibility study was presented to the Town Council about greenway connectivity throughout the Town. Plans for Phase II of the Downtown Revitalization project are a future goal including street scape and are more inclusive in the downtown area to complement that work that has already been completed. Housing is a major priority the Town Council, and there will soon be RFPs to encourage the development of new homes in Wilkesboro.

A major upgrade and expansion of the wastewater treatment facility, and future plans for enhancements to the water facility are in progress to continue offering safe and reliable water and wastewater infrastructure for residents and businesses.

In order for the Town to execute these plans, it realizes the importance of having a strong balance sheet in order to obtain the necessary long-term financing. A key metric that is used in the State is available fund balance as a percentage of expenditures ("fund balance percentage"). The Town has an internal policy requiring the fund balance percentage in the General Fund to be between 20 and 40 percent. However, the Town's current percentage is approximately nine percent. This is an improvement over last year and the Town is committed to the work necessary to rebuild available fund balance.

Relevant Financial Policies

In 2015, the Town adopted a cash and investment policy aimed at better managing idle cash. The policy allows the Finance Director to invest idle funds pursuant to the General Statutes (NCGS 159-31) with a priority of safety, liquidity, and yield, respectively. As a result, investment earnings have increased from \$27,047 in 2023 to \$80,257 in 2024.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Town's finance and administration departments. We wish to thank all the Town's departments for their assistance in providing the data necessary to prepare this report. We also like to thank the audit team of the independent auditors from Mauldin & Jenkins who assisted the Town throughout this process without impairing their independence. The auditors were a part of the initial planning meeting and through the final technical review of this report. Credit also is due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,



Ken Noland
Town Manager



Hallee Ratcliff
Finance Director

Mayor & Town Council

As of June 30, 2024



Dale Isom
Mayor



Jimmy Hayes
Mayor Pro Tem



Russ Ferree
Councilman



Ken Noland
Town Manager



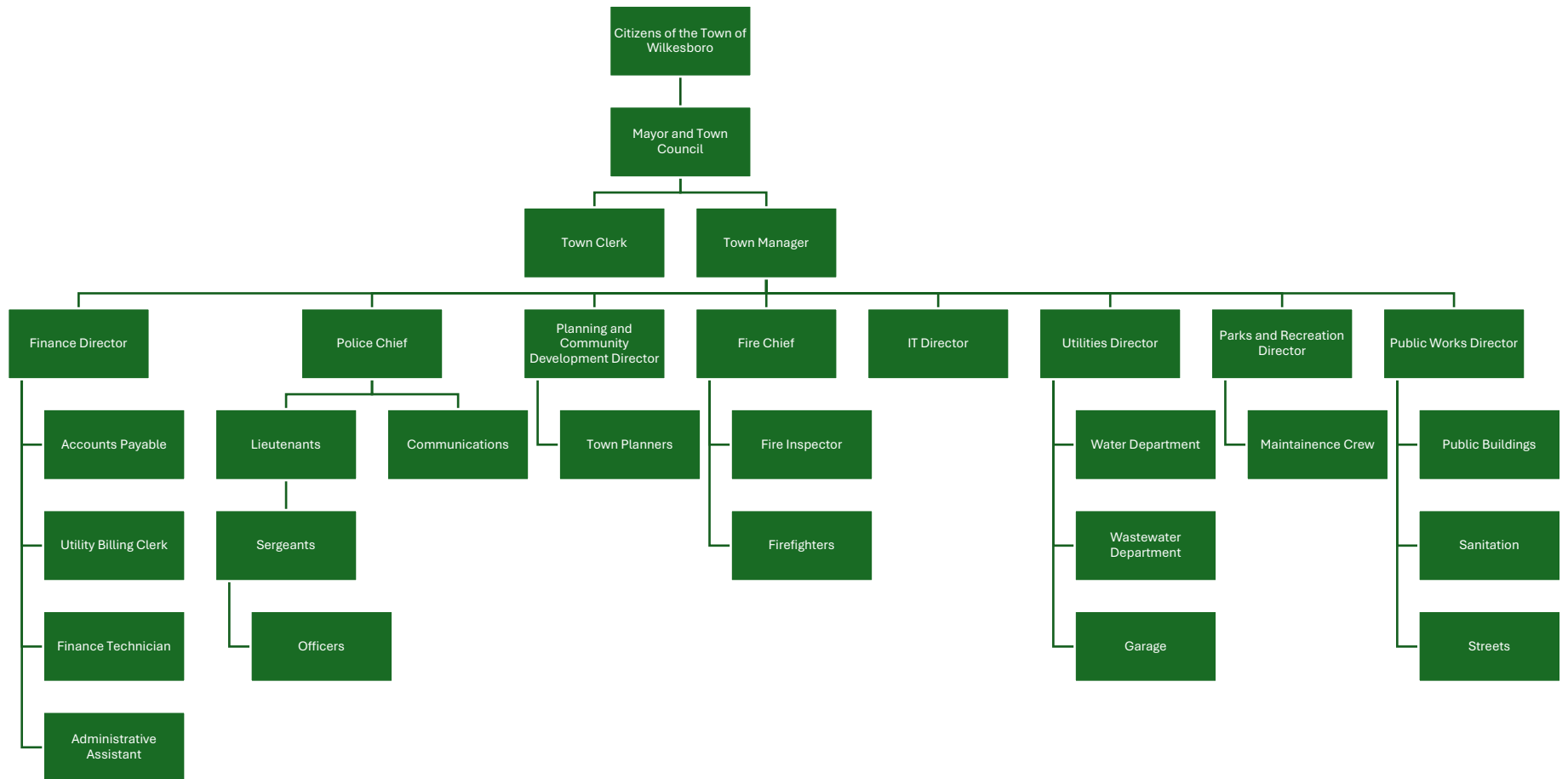
Nellie Archibald
Councilwoman



Andrew Soots
Councilman



Town of Wilkesboro Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
of Town Council
Town of Wilkesboro, North Carolina**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **Town of Wilkesboro, North Carolina** (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Wilkesboro ABC Board, which represents 100%, 100%, and 97% of the assets, net position and revenues respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of the other auditors.

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the ABC Board were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Town, 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 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, 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 raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a 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 *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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'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 Analysis, the Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance, the Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of Town's Proportionate Share of Net Pension Liability (Asset) – Local Governmental Employees' Retirement System, and the Schedule of Town's Contributions – Local Governmental Employees' Retirement System on pages 5 - 15, 65, 66, 67, 68 and 69, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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's basic financial statements. The combining and individual fund statements and schedules, as listed in the table of contents, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") is presented for purposes of additional analysis and is 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 statement themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the Town'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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
November 20, 2024

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

As management of the Town of Wilkesboro (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

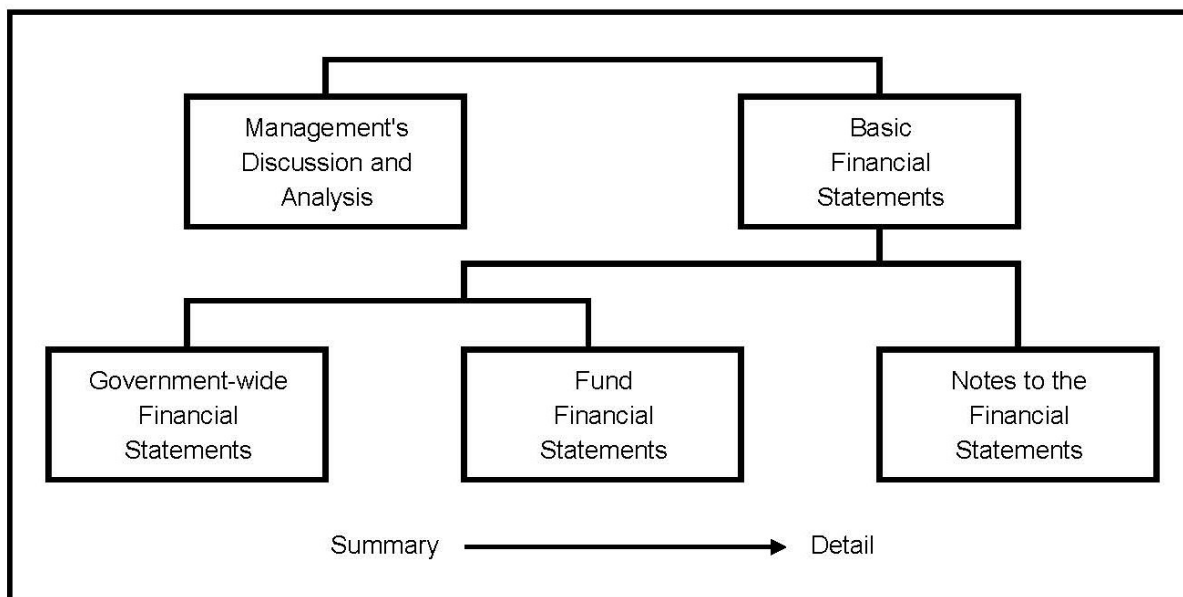
- The assets and deferred outflow of resources of the Town exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$48,096,210 (*net position*).
- The Town's total net position increased for governmental activities and business-type activities by \$710,028 and \$1,166,965, respectively.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,863,226 which is an increase of \$1,011,783.
- As of the close of the current fiscal year, the ending fund balance in the Town's General Fund was \$2,418,295 which decreased \$273,777 from prior year. However, the portion of fund balance that is available for appropriation (assigned + unassigned) was \$754,393 which is an increase of \$1,183,098.
- As of the close of the current fiscal year, the Town's total long-term debt (excluding long-term benefit related liabilities) was \$4,665,030 which is a decrease of \$716,251.

Overview of the Financial Statements

This discussion and analysis is 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 Town's financial condition.

Required Components of Annual Comprehensive Financial Report

Figure 1



TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

Basic Financial Statements

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

The next section of the basic financial statements are the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by North Carolina General Statutes (NCGS) 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/deferred outflow of resources and total liabilities/deferred inflow of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Wilkesboro. The final category are the Town's component units.

- Although legally separate from the Town, the Wilkesboro Tourism Development, Convention and Visitors Bureau (the "Tourism Bureau" or TDA) is important to the Town because the Town exercises control over the Tourism Bureau by appointing its board members and because the Tourism Bureau is required to spend the net proceeds of the Town's 3% occupancy tax to promote tourism, conventions, and visitation to the Town of Wilkesboro. The Tourism Bureau was dissolved this year as disclosed in note 13 to the Basic Financial Statements.
- Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its surpluses to the General Fund of the Town. These two component units are discreetly presented in the Town's financial statements.
- The Friends of Wilkesboro, Inc. is a legally separate 501(c)(3) organization that was established during the current year solely for the benefit of the Town. It is blended with the Town and reported as a special revenue fund.

The government-wide financial statements are on pages **16** and **17** of this report.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

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 and legal requirements, such as NCGS including the Town's budget and project ordinances. All 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 NCGS. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement is prepared using the modified accrual basis of accounting as required by NCGS 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 maintains one proprietary fund which is an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for water and sewer services it provides to the citizens of the Town. This fund is the same as that function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages **26 - 64** of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information (RSI) concerning pension and other post-employment benefits (OPEB) that are offered to the employees of the Town. RSI can be found on pages **65 - 69** of this report.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

Government-wide Financial Analysis

TOWN OF WILKESBORO, NORTH CAROLINA Condensed Statements of Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current assets and other assets	\$ 5,332,522	\$ 4,690,150	\$ 2,235,724	\$ 3,224,424	\$ 7,568,246	\$ 7,914,574
Capital assets, net	9,659,241	9,253,068	46,591,223	45,862,274	56,250,464	55,115,342
Total assets	14,991,763	13,943,218	48,826,947	49,086,698	63,818,710	63,029,916
DEFERRED OUTFLOWS OF RESOURCES	5,094,067	4,732,127	3,320,892	3,059,131	8,414,959	7,791,258
LIABILITIES						
Long-term liabilities	8,362,704	7,169,094	7,999,002	8,103,553	16,361,706	15,272,647
Other liabilities	770,621	994,441	1,717,048	2,671,820	2,487,669	3,666,261
Total liabilities	9,133,325	8,163,535	9,716,050	10,775,373	18,849,375	18,938,908
DEFERRED INFLOWS OF RESOURCES	3,658,170	3,927,503	1,629,914	1,735,546	5,288,084	5,663,049
NET POSITION						
Net investment in capital assets	8,993,474	8,706,405	42,200,672	39,793,608	51,194,146	48,500,013
Restricted	2,732,352	3,092,601	-	-	2,732,352	3,092,601
Unrestricted	(4,431,491)	(5,214,699)	(1,398,797)	(158,698)	(5,830,288)	(5,373,397)
Total net position	\$ 7,294,335	\$ 6,584,307	\$ 40,801,875	\$ 39,634,910	\$ 48,096,210	\$ 46,219,217

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$48,096,210 as of June 30, 2024. The Town's total net position increased during the year by \$1,876,993. However, the largest portion, \$51,194,146, reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment); net of capital related debt still outstanding that was issued to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its 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 \$2,732,352 represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position represents a deficit of (\$5,830,288).

Several aspects of the Town's financial operations influenced total net position as follows:

Governmental Activities

- Net investment in capital assets increased \$287,069 due to continued construction-in-progress and the addition of seven leased police vehicles. These increases were offset by the disposal of several assets with a net book value of \$120,035.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

Governmental Activities (Continued)

- Restricted net position decreased \$360,249. While there were increased restrictions related to capital project funding and the creation of the Friends of Wilkesboro, Inc.; the major factor that resulted in the net decrease was a \$1,332,114 decrease in the "Stabilization by State Statute". This restriction is reduced when receivables are converted into cash.
- Unrestricted deficit balance decreased \$783,208 which approximates the current year net change of \$710,028.

Business-type Activities

- Net investment in capital assets increased \$2,407,064 due to significant construction on the Cub Creek Wastewater Expansion Project. This increase was offset by the disposal of several assets with a net book value of \$250,417.
- Unrestricted deficit balance increased \$1,240,099 which includes \$1,349,607 non-cash charge for current year depreciation and amortization coupled with the loss on the disposal of assets.

TOWN OF WILKESBORO, NORTH CAROLINA Condensed Statements of Activities

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	\$ 209,413	\$ 272,577	\$ 9,870,237	\$ 9,117,557	\$ 10,079,650	\$ 9,390,134
Operating grants and contributions	249,268	1,591,596	-	-	249,268	1,591,596
Capital grants and contributions	923,989	679,172	649,769	1,859,919	1,573,758	2,539,091
General revenues:						
Property taxes	3,540,451	3,522,907	-	-	3,540,451	3,522,907
Other taxes	2,917,178	2,901,409	-	-	2,917,178	2,901,409
Unrestricted investment earnings	80,257	30,470		268	80,257	30,738
Gain on sale of capital assets	13,875	67,238	-	23,610	13,875	90,848
Miscellaneous	739,077	869,506	223,276	232,009	962,353	1,101,515
Total revenues	8,673,508	9,934,875	10,743,282	11,233,363	19,416,790	21,168,238
EXPENSES						
Governmental:						
General government	3,646,174	4,153,864	-	-	3,646,174	4,153,864
Public safety	3,930,009	3,724,403	-	-	3,930,009	3,724,403
Transportation	76,473	62,105	-	-	76,473	62,105
Environmental protection	281,517	286,468	-	-	281,517	286,468
Culture and recreation	255,266	249,111	-	-	255,266	249,111
Interest and fees	14,216	16,531	-	-	14,216	16,531

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

TOWN OF WILKESBORO, NORTH CAROLINA Condensed Statements of Activities (Continued)

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
EXPENSES (Continued)						
Business-type:						
Water and sewer	\$ -	\$ -	\$ 9,576,317	\$ 8,905,007	\$ 9,576,317	\$ 8,905,007
Total expenses	8,203,655	8,492,482	9,576,317	8,905,007	17,779,972	17,397,489
TRANSFERS	-	(265,000)	-	265,000	-	-
SPECIAL ITEM	240,175	-			240,175	-
Change in net position	710,028	1,177,393	1,166,965	2,593,356	1,876,993	3,770,749
NET POSITION						
Beginning balances	6,584,307	5,406,914	39,634,910	37,041,554	46,219,217	42,448,468
Ending balances	\$ 7,294,335	\$ 6,584,307	\$ 40,801,875	\$ 39,634,910	\$ 48,096,210	\$ 46,219,217

Governmental Activities: Governmental activities increased the Town's net position by \$710,028. The following is a summary of the most significant fluctuations during the year:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.24%.
- Operating grants and contributions decreased \$1,342,328 because the Town used \$1,100,462 from the American Rescue Plan Act (ARPA) in FY 2023.
- Capital grants and contributions increased by \$244,817 (net) from \$750,000 funding for the construction of a new fire substation while funding for the Woodfield Way bridge was winding down.
- General government expenses decreased \$507,690 for several reasons. The most significant being the dissolution of the Tourism Bureau, retirement of the Town's Clerk, and a decrease in medical claims.
- The "Special Item" of \$240,175 is related to the dissolution of the Tourism Bureau (aka TDA). Additional information regarding the Special Item is disclosed in note 13 of the Basic Financial Statements.

Business-type Activities: Business-type activities increased the Town's net position by \$1,166,965. The following is a summary of the most significant fluctuations during the year:

- Charges for services increased \$752,680 primarily due to a 7.5% rate increase that became effective in October 2023.
- Capital grants and contributions decreased \$1,210,150. This revenue will fluctuate up and down based on the level of construction activity. The Cub Creek Wastewater Plant Expansion is the project tied to this revenue.
- Water and sewer expenses increased \$671,310 for several reasons. The most significant being payment to the General Fund for shared services, an increase in medical claims and a loss on the disposal of assets.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

Financial Analysis of the Town's Funds

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was \$754,392. Overall, total fund balance decreased \$273,777. This was a planned use of fund balance as fund balance was appropriated for \$515,400. Another contributing factor was the transfer of \$275,334 to the Friends of Wilkesboro, Inc., a newly created 501(c)(3) that is reported by the Town as a blended component unit.

As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance (assigned + unassigned) and total fund balance to total expenditures. As of June 30, 2024, the available fund balance represented 9.1% of total expenditures. Total fund balance represented 29.2% of total expenditures. To give the reader some perspective, 8% equals an average of one month's expenditures.

As noted above, total fund balance in the General Fund decreased \$273,777 this year. However, there was a large increase in available fund balance and a large decrease in "Stabilization by State Statute". These changes were caused by a cash flow problem in the prior year because the NC Department of Environmental Quality was slow to pay the Town for capital grants that were reimbursement-based. As such, this timing issue created a situation where a temporary "due to/due from" (\$1,376,754) had to be created between the General Fund and the Water and Sewer Fund to cover the cash short fall. Once the money was received in the current year and the "due to/due from" was repaid, the state statute restriction was reduced, and that portion of fund balance became available.

General Fund Budgetary Highlights. During the current year, the Town amended the General Fund's budget on five occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. These amendments are typical occurrences as Council adjusts to opportunities and circumstances that arise throughout the year. Variances still exist after budget amendments are made. The following are the most significant budget variances:

- Unrestricted intergovernmental revenues came in \$419,623 more than budget. Sales tax refunds are not included in the budget and reimbursement from the ABC Board for health insurance increased.
- Miscellaneous revenue was \$422,960 less than budget. Some receipts get budgeted as miscellaneous but are reclassified as reimbursements during year-end close out.
- General government expenditures were \$613,867 less than budget for several reasons. The most significant of which were the dissolution of the Tourism Bureau, retirement of the Town's Clerk, and a decrease in medical claims.
- Public safety expenditures were \$148,146 more than budget because the Town leased seven new police vehicles for \$306,359 that were not included in the original budget because it was a non-cash transaction. This also explains why lease liabilities issued were \$306,359 more than budget.
- Culture and recreation expenditures were \$116,691 more than budget because of the Cub Creek Playground project that was approved in the prior year had not been reappropriated in the current year.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

- Transfers out were \$320,635 more than budget. Transfers are made as needed and usually not determined until year-end close out. \$275,334 was transferred to the Friends of Wilkesboro, Inc. (a new blended component unit). This and the special item of \$109,679 are discussed in note 13 to the Basic Financial Statements.
- Overall, the final budget was balanced using \$515,400 of appropriated fund balance. The actual use was only \$273,777 because total expenditures were \$363,760 less than budget.

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 Water and Sewer Fund at the end of the fiscal year amounted to a deficit (\$1,790,085). The total change in net position was a decrease of \$1,631,387. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town's capital assets, net of accumulated depreciation and amortization for its governmental and business-type activities as of June 30, 2024, were \$9,659,241 and \$46,591,223, respectively. These assets include buildings, water and sewer lines, land, machinery and equipment, park facilities, vehicles, and infrastructure. The overall investment made to the Town's capital assets increased \$1,135,122 from last fiscal year. Major capital asset transactions during the year include the following:

Governmental Activities

- Increase in construction in progress of \$342,333 for governmental activities related to the Cub Creek Playground project.
- The Town leased seven new police vehicles for \$306,359.
- The Town installed a new parking lot at the fire department for \$130,404.
- Capital assets with a net book value of \$120,035 were disposed.
- The Woodfield Way Bridge Project was completed, removed from Construction in Progress and placed in service.

Business-type Activities

- Increase in construction in progress of \$1,492,957 for business type activities related to the Cub Creek Wastewater Treatment Expansion Project and other water and sewer projects.
- The Town bought two dump trucks for \$373,938.
- Capital assets with a net book value of \$250,417 were disposed.
- The Headwaters Stream Restoration Project was started and completed this year for \$249,703.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

TOWN OF WILKESBORO, NORTH CAROLINA Condensed Capital Assets, Net of Accumulated Depreciation and Amortization

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Nondepreciable:						
Land	\$ 2,182,516	\$ 2,222,516	\$ 609,932	\$ 609,932	\$ 2,792,448	\$ 2,832,448
Construction in progress	912,657	3,198,157	5,418,683	4,175,429	6,331,340	7,373,586
Depreciable/Amortizable, net:						
Buildings and improvements	1,660,588	1,675,542	-	-	1,660,588	1,675,542
Plant and distribution systems	-	-	39,153,305	39,797,642	39,153,305	39,797,642
Infrastructure	3,330,081	692,394	-	-	3,330,081	692,394
Equipment	1,259,793	1,425,198	1,404,417	1,269,497	2,664,210	2,694,695
Right-to-use leased assets	313,606	39,261	4,886	9,774	318,492	49,035
	<u>\$ 9,659,241</u>	<u>\$ 9,253,068</u>	<u>\$ 46,591,223</u>	<u>\$ 45,862,274</u>	<u>\$ 56,250,464</u>	<u>\$ 55,115,342</u>

Additional information on the Town's capital assets can be found in note 5 of the Basic Financial Statements.

Long-term Debt. The Town's total long-term debt (excluding liabilities related to employee benefits) for its governmental activities and business-type activities, as of June 30, 2024, was \$665,767 and \$3,999,263, respectively. During the year, the Town leased seven new police vehicles for \$306,359. The remainder of the changes in long-term debt result from regularly scheduled debt service payments.

As part of the Cub Creek Wastewater Treatment Expansion Project, the Town's funding package with the State of North Carolina includes a revolving loan in the amount of \$41,000,000. This loan is available to the Town but not used as of June 30, 2024.

NCGS limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property (approximately \$731,000,000) located within the Town's limits. The legal debt margin for the Town is approximately \$58,000,000.

TOWN OF WILKESBORO, NORTH CAROLINA Condensed Long-Term Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Long-term debt:						
Leases payable	\$ 315,799	\$ 39,051	\$ 5,799	\$ 10,748	\$ 321,598	\$ 49,799
Notes payable from direct borrowings	349,968	503,524	3,993,464	4,827,961	4,343,432	5,331,485
	<u>\$ 665,767</u>	<u>\$ 542,575</u>	<u>\$ 3,999,263</u>	<u>\$ 4,838,709</u>	<u>\$ 4,665,030</u>	<u>\$ 5,381,284</u>

Additional information regarding the Town's long-term debt can be found in note 6 of the Basic Financial Statements.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

Economic Factors and Trends

The following key economic indicators reflect the financial condition of the Town:

- Wilkes County has a labor force of 25,679 with a 4.5% unemployment rate at June 30, 2024, which has increased from fiscal year end 2023 when it was at 3.9%. This rate is indicative of the national economic environment and is slightly higher than the state-wide average of 4.1%.
- Sales tax revenues decreased by 1.3% from FY 2023. This is first year post pandemic there has been a decrease in sales tax revenue year over year. The prior years saw unprecedented growth in sales tax revenue.
- Manufacturing remains one the largest industries in the area, which increases the demand for viable utilities. There are on-going capital projects within the Town to increase capacity to meet these demands.

Budget Highlights for the Year Ending June 30, 2025

Governmental Activities: The tax rate remains at 48 cents for FY 2025.

Budgeted expenditures are nearly level from FY 2024 slightly increasing 2% to \$8,600,000. This budget is a level document that does not include any potential financing of capital items as revenues. The budget is of a conservative nature that does not include many large capital items. Ad valorem taxes, one of the most stable revenue streams, has not had a revaluation prior to 2019. Stagnant ad valorem revenues paired with the plateauing of sales tax revenue have required the Town to be diligent with its resources. A revaluation is currently underway and will be reflected in the FY 2026 budget year.

There is no appropriated fund balance in the FY 2025 budget. It is a priority of the governing body and management to rebuild unassigned fund balance to be within the Town's policy of 20%-40%. The management of funds in FY 2024 and continued into FY 2025 will help achieve this goal.

Business-type Activities: Budgeted expenditures in the Water and Sewer Fund decreased by 0.8% to \$9,980,000. This is a generally level budget similar to FY 2024. The budget also includes an additional planned rate increase of 7.5% for all utility customers effective October 1, 2024. These revenues will allow for current and future capital needs to be met. Currently, a rate study is underway to better plan for future needs and building capacity to take on debt to meet future needs of the Town.

Other: The adopted budget allows for a 3.5% cost of living adjustment, consistent with national inflation, for all employees. Two new positions were added to the budget including a full-time parks position, and a part-time IT Technician. Rising health insurance is an issue the Town continues to monitor each year as a self-insured organization. Over \$2 million has been allocated for group health, dental, and vision insurance. Between both funds, budgeted capital outlay totals approximately 5.9% of the budget, or around \$1.1 million. The Town has entered into a partnership with Enterprise Fleet Management to better manage and plan fleet needs. Debt service is approximately 5.8% of the total budget.

Tyson Foods continues to be the Town's major utility customer by a wide margin. While Tyson's water usage does have some seasonality, the overall usage increase has been very positive for the Town. Usage is showing signs of leveling out with an upward trend. This user is a tremendous asset to the Town as well as a close business partner. Due to the proposed expansion of the processing plant, we anticipate the need to add additional capacity at both Water and Wastewater plants.

TOWN OF WILKESBORO, NORTH CAROLINA

Management's Discussion and Analysis For the Year Ended June 30, 2024

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Wilkesboro, and 203 West Main Street, Wilkesboro, NC 28697. Additionally, the Town features a financial dashboard on its webpage for real-time financial information. It can be accessed at www.wilkesboronc.org.

TOWN OF WILKESBORO, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wilkesboro ABC Board
ASSETS				
Current assets:				
Cash and investments	\$ 1,160,333	\$ 253,769	\$ 1,414,102	\$ 58,390
Taxes receivable, net of allowances	111,529	-	111,529	-
Lease receivables	1,007,125	-	1,007,125	-
Accounts receivable	3,015	945,993	949,008	-
Due from other governments	909,010	351,509	1,260,519	-
Inventories	-	587,904	587,904	502,405
Restricted cash and cash equivalents	1,765,028	96,549	1,861,577	-
Assets held for resale	376,482	-	376,482	-
Total current assets	5,332,522	2,235,724	7,568,246	560,795
Noncurrent assets:				
Capital assets:				
Land, nondepreciable improvements, and construction in progress	3,095,173	6,028,615	9,123,788	-
Other capital assets, net of depreciation/amortization	6,564,068	40,562,608	47,126,676	2,690,236
Total noncurrent assets	9,659,241	46,591,223	56,250,464	2,690,236
Total assets	14,991,763	48,826,947	63,818,710	3,251,031
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals - LGERS	1,453,379	968,919	2,422,298	231,260
Pension deferrals - LEO	112,729	-	112,729	-
OPEB deferrals	3,527,959	2,351,973	5,879,932	51,217
Total deferred outflows of resources	5,094,067	3,320,892	8,414,959	282,477
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	400,124	654,963	1,055,087	337,773
Unearned revenue	-	80,702	80,702	-
Claims payable	104,029	-	104,029	-
Current portion of long-term liabilities	266,468	884,834	1,151,302	147,775
Customer deposits	-	96,549	96,549	-
Total current liabilities	770,621	1,717,048	2,487,669	485,548
Long-term liabilities:				
Due in more than one year	446,366	3,156,006	3,602,372	2,278,025
Total pension liability - LEO	651,844	-	651,844	-
Net pension liability - LGERS	2,402,033	1,601,355	4,003,388	299,960
Total OPEB liability	4,862,461	3,241,641	8,104,102	340,673
Total long-term liabilities	8,362,704	7,999,002	16,361,706	2,918,658
Total liabilities	9,133,325	9,716,050	18,849,375	3,404,206
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	7,636	-	7,636	-
Lease receipts	988,674	-	988,674	-
Pension deferrals - LGERS	31,080	20,720	51,800	720
Pension deferrals - LEO	216,988	-	216,988	-
OPEB deferrals	2,413,792	1,609,194	4,022,986	-
Total deferred inflows of resources	3,658,170	1,629,914	5,288,084	720
NET POSITION				
Net investment in capital assets	8,993,474	42,200,672	51,194,146	294,015
Restricted for:				
Stabilization by State Statute	966,923	-	966,923	-
Streets - Powell Bill	308,048	-	308,048	-
Public safety	12,450	-	12,450	-
Culture and Recreation	399,433	-	399,433	-
Capital projects	1,045,498	-	1,045,498	-
Working capital	-	-	-	126,322
Unrestricted	(4,431,491)	(1,398,797)	(5,830,288)	(291,755)
Total net position	\$ 7,294,335	\$ 40,801,875	\$ 48,096,210	\$ 128,582

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

TOWN OF WILKESBORO, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Wilkesboro Tourism Development, Convention, and Visitors Bureau	Wilkesboro ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 3,646,174	\$ 41,813	\$ -	\$ -	\$ (3,604,361)	\$ -	\$ (3,604,361)	\$ -	\$ -
Public safety	3,930,009	2,920	110,750	-	(3,816,339)	-	(3,816,339)	-	-
Transportation	76,473	-	138,518	-	62,045	-	62,045	-	-
Environmental protection	281,517	150,010	-	-	(131,507)	-	(131,507)	-	-
Culture and recreation	255,266	14,670	-	923,989	683,393	-	683,393	-	-
Interest and fees	14,216	-	-	-	(14,216)	-	(14,216)	-	-
Total governmental activities	8,203,655	209,413	249,268	923,989	(6,820,985)	-	(6,820,985)	-	-
Business-type activities:									
Water and sewer	9,576,317	9,870,237	-	649,769	-	943,689	943,689	-	-
Total business-type activities	9,576,317	9,870,237	-	649,769	-	943,689	943,689	-	-
Total primary government	\$ 17,779,972	\$ 10,079,650	\$ 249,268	\$ 1,573,758	(6,820,985)	943,689	(5,877,296)	-	-
Component units:									
Wilkesboro Tourism Development, Convention, and Visitors Bureau	\$ 159,672	\$ 9,625	\$ -	\$ -	-	-	-	(150,047)	-
Wilkesboro ABC Board	4,491,730	4,262,217	-	-	-	-	-	-	(229,513)
Total component units	\$ 4,651,402	\$ 4,271,842	\$ -	\$ -	-	-	-	(150,047)	(229,513)
General revenues:									
Taxes:									
Property taxes					3,540,451	-	3,540,451	-	-
Other taxes					2,806,086	-	2,806,086	-	-
Occupancy tax					111,092	-	111,092	108,257	-
Unrestricted investment earnings					80,257	-	80,257	5,142	-
Miscellaneous					739,077	223,276	962,353	750	750
Gain on sale of capital assets					13,875	-	13,875	-	-
Special Item - Dissolution of Wilkesboro TDA (Note 13)					240,175	-	240,175	(240,175)	-
Total general revenues					7,531,013	223,276	7,754,289	(126,026)	750
Change in net position					710,028	1,166,965	1,876,993	(276,073)	(228,763)
Net position, beginning					6,584,307	39,634,910	46,219,217	276,073	357,345
Net position, end of year					\$ 7,294,335	\$ 40,801,875	\$ 48,096,210	\$ -	\$ 128,582

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

TOWN OF WILKESBORO, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,160,333	\$ -	\$ 1,160,333
Restricted cash and cash equivalents	320,498	1,444,530	1,765,028
Taxes receivable, net of allowances	111,529	-	111,529
Accounts receivables	3,015	-	3,015
Due from other governments	893,609	15,401	909,010
Lease receivable	1,007,125	-	1,007,125
Assets held for resale	376,482	-	376,482
Total assets	<u>\$ 3,872,591</u>	<u>\$ 1,459,931</u>	<u>\$ 5,332,522</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 398,305	\$ -	\$ 398,305
Total liabilities	<u>398,305</u>	<u>-</u>	<u>398,305</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	7,636	-	7,636
Unavailable revenue - intergovernmental	-	15,000	15,000
Unavailable revenue - property taxes	59,681	-	59,681
Lease receipts	988,674	-	988,674
Total deferred inflows of resources	<u>1,055,991</u>	<u>15,000</u>	<u>1,070,991</u>
FUND BALANCES			
Nonspendable:			
Assets held for resale	376,482	-	376,482
Restricted:			
Stabilization by State Statute	966,923	-	966,923
Streets - Powell Bill	308,048	-	308,048
Drug crime prevention	12,450	-	12,450
Culture and recreation	-	399,433	399,433
Capital projects	-	1,045,498	1,045,498
Unassigned	754,392	-	754,392
Total fund balances	<u>2,418,295</u>	<u>1,444,931</u>	<u>3,863,226</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,872,591</u>	<u>\$ 1,459,931</u>	<u>\$ 5,332,522</u>

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

TOWN OF WILKESBORO, NORTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2024

Total governmental fund balances:	\$	3,863,226
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds:

Cost of assets	\$	16,203,048	
Accumulated depreciation and amortization		<u>(6,543,807)</u>	
			9,659,241

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported or are deferred in the funds:

Property taxes	\$	59,681	
Grants		<u>15,000</u>	
			74,681

Deferred outflows of resources related to the recording of the Town's pension liabilities and total OPEB liability are recognized as expense over time and, therefore, are not reported in the funds.

Pension - LGERS	\$	1,453,379	
Pension - LEO		112,729	
OPEB		<u>3,527,959</u>	
			5,094,067

Deferred inflows of resources related to the recording of the Town's pension liabilities and total OPEB liability are amortized against expense over time and, therefore, are not reported in the funds.

Pension - LGERS	\$	(31,080)	
Pension - LEO		(216,988)	
OPEB		<u>(2,413,792)</u>	
			(2,661,860)

As the Town is self-insured for health insurance, the liability for incurred but not reported claims is not considered due and payable and, therefore, is not reported in the funds.

Claims payable	(104,029)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Leases payable	\$	(315,799)	
Notes payable		(349,968)	
Net pension liability - LGERS		(2,402,033)	
Total pension liability - LEO		(651,844)	
Total OPEB liability		(4,862,461)	
Compensated absences payable		(47,067)	
Accrued interest payable		<u>(1,819)</u>	
			<u>(8,630,991)</u>
Net position of governmental activities	\$	<u><u>7,294,335</u></u>	

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

TOWN OF WILKESBORO, NORTH CAROLINA

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

	General Fund	(Previously Major) Woodfield Way Bridge Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 3,537,440	\$ -	\$ -	\$ 3,537,440
Unrestricted intergovernmental	2,799,623	-	-	2,799,623
Restricted intergovernmental	557,924	-	923,989	1,481,913
Permits and fees	1,046	-	-	1,046
Sales and services	198,066	-	10,301	208,367
Investment earnings	80,249	-	8	80,257
Miscellaneous	728,240	-	10,837	739,077
Total revenues	<u>7,902,588</u>	<u>-</u>	<u>945,135</u>	<u>8,847,723</u>
EXPENDITURES				
Current:				
General government	3,232,433	-	46,211	3,278,644
Public safety	4,029,846	-	-	4,029,846
Transportation	-	-	30,355	30,355
Environmental protection	266,163	-	-	266,163
Culture and recreation	565,691	-	27,543	593,234
Debt service:				
Principal	183,167	-	-	183,167
Interest and other charges	14,940	-	-	14,940
Total expenditures	<u>8,292,240</u>	<u>-</u>	<u>104,109</u>	<u>8,396,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(389,652)</u>	<u>-</u>	<u>841,026</u>	<u>451,374</u>
OTHER FINANCING SOURCES (USES)				
Lease liabilities issued	306,359	-	-	306,359
Sale of capital assets	13,875	-	-	13,875
Transfers in	6,597	-	320,635	327,232
Transfers out	(320,635)	-	(6,597)	(327,232)
Total other financing sources	<u>6,196</u>	<u>-</u>	<u>314,038</u>	<u>320,234</u>
SPECIAL ITEM				
Dissolution of the Wilkesboro TDA (Note 13)	<u>109,679</u>	<u>-</u>	<u>130,496</u>	<u>240,175</u>
Net change in fund balances	(273,777)	-	1,285,560	1,011,783
Fund balances, July 1, previously reported	2,692,072	(188,935)	348,306	2,851,443
Adjustment - change to reporting entity	<u>-</u>	<u>188,935</u>	<u>(188,935)</u>	<u>-</u>
Fund balances, July 1, as adjusted	2,692,072	-	159,371	2,851,443
Fund balances, end of year	<u><u>\$ 2,418,295</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,444,931</u></u>	<u><u>\$ 3,863,226</u></u>

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

TOWN OF WILKESBORO, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds	\$	1,011,783
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$	993,285	
Depreciation and amortization expense		(467,077)	
			526,208

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.

Net book value of capital assets sold	\$	(120,035)	(120,035)
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Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	3,011	
Grants		(191,101)	
			(188,090)

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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities. The net effect of these differences in the treatment of long-term debt and related items are as follows:

Issuance of lease payable	\$	(306,359)	
Repayment of leases payable		29,611	
Repayment of notes payable		153,556	
			(123,192)

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 - LGERS	\$	(270,964)	
Pension expense - LEO		4,746	
OPEB expense		(286,233)	
Claims payable		161,206	
Compensated absences		(6,125)	
Accrued interest		724	
			(396,646)

Change in net position of governmental activities	\$	710,028
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The accompanying notes are an integral part of these financial statements.

TOWN OF WILKESBORO, NORTH CAROLINA

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Ad valorem taxes	\$ 3,660,000	\$ 3,660,000	\$ 3,537,440	\$ (122,560)
Unrestricted intergovernmental	2,380,000	2,380,000	2,799,623	419,623
Restricted intergovernmental	437,500	586,000	557,924	(28,076)
Permits and fees	1,400	1,400	1,046	(354)
Sales and services	359,500	359,500	198,066	(161,434)
Investment earnings	2,500	2,500	80,249	77,749
Miscellaneous	1,078,700	1,151,200	728,240	(422,960)
Total revenues	7,919,600	8,140,600	7,902,588	(238,012)
Expenditures				
Current:				
General government	3,831,300	3,846,300	3,232,433	613,867
Public safety	3,675,700	3,881,700	4,029,846	(148,146)
Environmental protection	284,000	284,000	266,163	17,837
Culture and recreation	439,000	449,000	565,691	(116,691)
Debt service:				
Principal retirements	175,000	175,000	183,167	(8,167)
Interest and other charges	20,000	20,000	14,940	5,060
Total expenditures	8,425,000	8,656,000	8,292,240	363,760
(Deficiency) of revenues (under) expenditures	(505,400)	(515,400)	(389,652)	125,748
Other financing sources (uses):				
Lease liabilities issued	-	-	306,359	306,359
Sale of capital assets	-	-	13,875	13,875
Transfers in	-	-	6,597	6,597
Transfers out	-	-	(320,635)	(320,635)
Appropriation of fund balance	505,400	515,400	-	(515,400)
Total other financing sources	505,400	515,400	6,196	(509,204)
Special item				
Dissolution of the Wilkesboro TDA (Note 13)	-	-	109,679	109,679
Net change in fund balance	\$ -	\$ -	(273,777)	\$ (273,777)
Fund balance, beginning of year			2,692,072	
Fund balance, end of year			\$ 2,418,295	

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

TOWN OF WILKESBORO, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2024

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 253,769
Restricted cash and cash equivalents	96,549
Accounts receivable	945,993
Due from other governments	351,509
Inventories	587,904
Total current assets	<u>2,235,724</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	6,028,615
Depreciable, net of accumulated depreciation/amortization	40,562,608
Total noncurrent assets	<u>46,591,223</u>
Total assets	<u>48,826,947</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension - LGERS	968,919
Other post employment benefits	2,351,973
Total deferred outflows of resources	<u>3,320,892</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	654,963
Unearned revenue	80,702
Customer deposits	96,549
Compensated absences, current	41,577
Notes payable, current	837,458
Leases payable, current	5,799
Total current liabilities	<u>1,717,048</u>
Noncurrent liabilities:	
Notes payable, less current portion	3,156,006
Net pension liability	1,601,355
Total other post employment benefits liability	3,241,641
Total noncurrent liabilities	<u>7,999,002</u>
Total liabilities	<u>9,716,050</u>
DEFERRED INFLOWS OF RESOURCES	
Pension - LGERS	20,720
Other post employment benefits	1,609,194
Total deferred inflows of resources	<u>1,629,914</u>
NET POSITION	
Net investment in capital assets	42,200,672
Unrestricted	(1,398,797)
Total net position	<u>\$ 40,801,875</u>

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

TOWN OF WILKESBORO, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2024

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 9,806,527
Water and sewer taps	32,021
Other operating income	31,689
Total operating revenues	<u>9,870,237</u>
OPERATING EXPENSES	
Administration	1,752,909
Water treatment and distribution	1,662,350
Waste collection and treatment	2,434,022
Maintenance	1,784,632
Garage	229,030
Depreciation and amortization expense	1,349,607
Total operating expenses	<u>9,212,550</u>
Operating income	<u>657,687</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and other charges	(113,350)
Loss on sale of capital assets	(250,417)
Miscellaneous income	223,276
Total non-operating revenue, net	<u>(140,491)</u>
Income before capital contributions	<u>517,196</u>
CAPITAL CONTRIBUTIONS	
Capital contributions	649,769
Total capital contributions	<u>649,769</u>
Change in net position	1,166,965
Net position, beginning of year	<u>39,634,910</u>
Net position, end of year	<u><u>\$ 40,801,875</u></u>

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

TOWN OF WILKESBORO, NORTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2024

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 10,087,551
Cash paid for goods and services	(6,156,688)
Cash paid to or on behalf of employees	(2,486,793)
Net cash provided by operating activities	<u>1,444,070</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash paid to other funds	(1,376,754)
Net cash used for noncapital financing activities	<u>(1,376,754)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,328,973)
Principal paid on long-term debt	(839,446)
Interest paid on long-term debt	(113,350)
Cash received from other governments for capital grants	3,456,591
Net cash provided by capital and related financing activities	<u>174,822</u>
Net increase in cash and cash equivalents	242,138
Cash and cash equivalents, beginning of year	<u>108,180</u>
Cash and cash equivalents, end of year	<u><u>\$ 350,318</u></u>
CLASSIFIED AS:	
Unrestricted cash and cash equivalents	\$ 253,769
Restricted cash and cash equivalents	96,549
	<u><u>\$ 350,318</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 657,687
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,349,607
Miscellaneous income	223,276
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(98,984)
Increase in sales tax receivable	(146,688)
Decrease in inventory	46,442
Increase in deferred outflows of resources - LGERS pension	(32,383)
Increase in deferred outflows of resources - OPEB	(229,378)
Decrease in accounts payable and accrued liabilities	(1,068,713)
Increase in unearned revenue	80,702
Increase in compensated absences	16,960
Increase in customer deposits	12,320
Increase in net pension liability - LGERS	204,086
Increase in total OPEB liability	534,768
Decrease in deferred inflows of resources - OPEB	(114,571)
Increase in deferred inflows of resources - LGERS pension	8,939
Net cash provided by operating activities	<u><u>\$ 1,444,070</u></u>

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

TOWN OF WILKESBORO, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Wilkesboro, North Carolina (the "Town"), its discretely presented component unit, and blended component unit have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

A. Reporting Entity

The Town of Wilkesboro is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities for which the Town is financially accountable. The Town's financial statements include two (2) discretely presented component units that are reported in separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town. In addition, the Town reports one (1) blended component unit. Additional information regarding the Town's component units is disclosed below.

Wilkesboro Tourism, Development, Convention and Visitors Bureau

The members of the Wilkesboro Tourism Development, Convention, and Visitors' Bureau (the "Tourism Bureau") governing board are appointed by the Town. Effective May of 2024, the operations of the Tourism Bureau were disbanded, and all assets were transferred to the Town. The Tourism Bureau does not issue separate stand-alone financial statements and the current year report will be the final year of inclusion with the Town's financial statements as the entity no longer exists.

Town of Wilkesboro ABC Board

The members of the Town of Wilkesboro ABC Board's (the "ABC Board") governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town and to other governmental units. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Wilkesboro ABC Board, 798 Curtis Bridge Road, Wilkesboro, NC 28697.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Friends of Wilkesboro, Inc

The Friends of Wilkesboro, Inc. (the "FoW") is a legally separate not-for-profit organization that was created for the exclusive benefit of the Town. All members of FoW's governing board are appointed by the Town and the Town has the ability to impose its will on the FoW. Accordingly, the FoW is reported as a blended component unit of the Town and is presented as a special revenue fund. The FoW does not issue separate stand-alone financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., 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. 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 revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as grants and subsidies result from non-exchange transactions. Other nonoperating revenues are ancillary activities such as investment earnings.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes which use a 60-day period. If any government grants are not received in the 90-day period, the Town considers it a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

The **Water and Sewer Fund** accounts for the operation, maintenance and development of the Town's water and sewer system and services. Water and Sewer projects funds have been consolidated in the Water and Sewer Fund for financial reporting purposes. The budgetary information for the Water and Sewer Fund, including the project funds, have been included in supplementary information.

The Town also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues which are legally restricted or committed to expenditures for particular purposes. The Town's nonmajor special revenue funds include the Grant Project Special Revenue Fund and the Friends of Wilkesboro, Inc.

The **Capital Projects funds** are used to account for the expenditures related to ongoing capital projects of the Town. The Town's nonmajor capital projects funds include the SCIF Restroom Project Fund, the Woodfield Way Bridge Fund, and the Fire Substation Fund.

Government-wide and Proprietary Fund Financial Statements. In accounting and reporting for its proprietary operations, the government applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which did not conflict with or contradict GASB pronouncements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. 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, leases, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of right-to-use assets via leases are reported as other financing sources.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Project Special Revenue Fund, the Water and Sewer Capital Project Fund and the Water and Sewer Capital Reserve Fund. The enterprise fund projects are consolidated with the operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$500. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Deposits

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town. The Town pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's, and the ABC Board's investments are reported at fair value as determined by quoted market prices. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Restricted Assets

The restricted cash in the Water and Sewer Fund includes customer deposits held by the Town before any services are supplied that are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. The unexpended Controlled Substance Tax is also classified as restricted cash because it can be expended only for drug crime prevention.

Capital projects are classified as restricted cash because the external grants are restricted for specific projects. The Friends of Wilkesboro, Inc. cash is classified as restricted because it can only be used to achieve the objectives of its mission.

Governmental Funds:		
General Fund		
Streets - Powell Bill	\$	308,048
Drug crime prevention		12,450
Nonmajor Governmental Funds		
SCIF Restroom Project Fund		295,498
Fire Substation Fund		750,000
Friends of Wilkesboro, Inc.		399,032
Total Governmental Funds:	\$	<u>1,765,028</u>
Enterprise Funds:		
Water and Sewer Fund		
Customer deposits		96,549
Total Enterprise Funds:		<u>96,549</u>
Total Restricted Cash	\$	<u>1,861,577</u>

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

H. Allowances

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as “internal balances.”

J. Leases

Lessee

The Town is a lessee for multiple noncancellable leases of equipment and vehicles. The Town recognizes a lease liability and an intangible right-to-use leased asset in the government-wide, and proprietary fund financial statements. The Town recognizes lease liabilities and leased right to use assets in accordance with its capitalization policy (Note 1-L).

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases (Continued)

Lessee (Continued)

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In the statement of net position, lease assets are reported with other capital assets and lease liabilities are reported with other long-term liabilities as amounts due within one year and amounts due in more than one year.

Lessor

The Town is the lessor for a noncancellable lease of real property to the ABC Board, a discretely presented component unit. The Town recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the Town (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the Town as lessor do not include stated interest rates. Therefore, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the Town will receive over the term of the lease agreement.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. The inventory of the Town's enterprise fund consists of materials and supplies held for subsequent use. The cost of this inventory 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 expensed as the items are used.

L. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at estimated acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Asset	Years
Infrastructure	25
Buildings and improvements	32 - 60
Water and sewer plants	50 - 67
Water and sewer lines	33 - 100
Vehicles	5 - 10
Furniture and equipment	5 - 20
Computer equipment	5 - 7
Right-to-use lease assets	3 - 5

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Town reports deferred outflows of resources related to its pension and other postemployment benefit (OPEB) plans. These deferred outflows include (1) contributions to the Local Governmental Employees' Retirement System (LGERS) subsequent to the applicable measurement date; (2) differences between expected and actual experience of the pension plan and/or OPEB plan, (3) net differences between projected and actual investment earnings on the pension plan assets, (4) changes in proportion and the difference between the Town's actual contributions towards the pension plan and the Town's proportionate share of contributions, and (5) changes in the plan assumptions. Contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the subsequent fiscal period. The net difference between projected and actual investment earnings on the pension plan assets are amortized over five (5) years, while the remaining deferred outflows of resources will be amortized into pension and/or OPEB expense over the remaining service period of plan members.

In addition to liabilities, the statement of net position reports 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue from property taxes and intergovernmental revenues (grants) which arises only under a modified accrual basis of accounting. Accordingly, these unavailable revenues are reported only in the governmental funds balance sheet and will be recognized as revenue in the period in which the amounts become available. The government-wide statement of net position and governmental funds balance sheet report deferred lease receipts. This amount will be amortized into revenue over the term of the applicable lease agreement. Finally, the Town reports deferred inflows of resources related to its pension and/or OPEB plans which are discussed in the paragraph above.

N. Compensated Absences

The vacation policy of the Town provides for vacation leave based on length of employment by the Town 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences (Continued)

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

O. 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. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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.

P. Economic Dependency

The Water and Sewer fund has one major customer from whom the Town derives a significant portion of its operating revenues. For the current year, approximately 71% of the revenue reported as water and sewer charges were related to billed consumption for its major customer.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute [G.S. 159-8(a)] which requires total fund balance less the fund balance available for appropriation equals the total amount that must be restricted.

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

Restricted for Public Safety – Drug Crime Prevention - portion of fund balance that is restricted by revenue source to investigate, combat, prevent and reduce drug crimes. The amount represents the balance of the unexpended Controlled Substance Tax.

Restricted for Culture and Recreation – portion of fund balance that is restricted for use by the Friends of Wilkesboro, Inc.

Restricted for Capital Projects – portion of fund balance that is restricted by revenue source for various capital projects.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

Fund Balance (Continued) –

Committed – Fund balances are reported as committed when they can be used only for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. The governing body 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 balances are reported as assigned when amounts are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Town Council, through Town ordinance, has expressly delegated to the Town Manager or his/her designee, the authority to assign funds for particular purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$500.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

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

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Town has spent) for the acquisition, construction, or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (Continued)

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

R. Pensions

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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Management Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

During the fiscal year ended June 30, 2024, the Town reported expenditures within the General Fund that violated State law (G.S. 159) because they exceeded the amounts appropriated in the budget ordinance for the following departments:

	<u>Excess</u>
General Fund:	
Public Safety	\$ 148,146
Culture and Recreation	116,691
Transfers Out	320,635

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Excess of Expenditures over Appropriations (Continued)

Public safety expenditures exceeded appropriations because of a lease agreement executed during the year for seven new police vehicles. While the Town's governing board approved the lease agreement, a formal budget amendment was not executed to amend the original budget ordinance to reflect the issuance of the new leases which is a non-cash transaction. In the future, the finance director will prepare budget amendments as part of financing packages submitted to Town Council for approval.

Culture and recreation expenditures exceeded appropriations because of a playground project that began in 2019 and is nearing completion at June 30, 2024. The project was approved by Town Council, but the previous finance director failed to create a project ordinance. In the future, the finance director will submit project ordinances for all capital projects that will require more than one year to complete.

Transfers out exceeded appropriations because the amounts were deemed necessary during the year-end close out process after June 30, 2024. \$275,224 was related to the Friends of Wilkesboro, Inc. which was a non-routine and nonrecurring journal entry and, \$45,201 was related to the Woodfield Way Bridge Project in which certain costs were deemed non-reimbursable by the State of North Carolina so the Town had to transfer the difference so the project could be closed out.

B. Unallowed Investment

The Local Government Commission of the North Carolina Department of the State Treasurer notified the Town in July 2023 that they had a Level 1 investment with Truist bank that went against the Local Government Commission's investment policy. As a result, the Town liquidated the investment in August 2023 and placed those funds in the North Carolina Capital Management Trust.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2024, are summarized as follows:

	Primary Government	Discretely Presented Component Units
Statement of Net Position:		
Cash and investments	\$ 1,414,102	\$ 58,390
Restricted cash and cash equivalents	1,861,577	-
	<u>\$ 3,275,679</u>	<u>\$ 58,390</u>
Cash and cash equivalents held by financial institutions	\$ 2,060,307	\$ 58,390
Cash deposited with NCCMT	1,215,372	-
	<u>\$ 3,275,679</u>	<u>\$ 58,390</u>

Credit risk. State statutes and the Town's policies authorize the Town to invest in obligations of the state of North Carolina or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the NCCMT; and obligations of other political subdivisions of the state of North Carolina. The Town does not have a credit rating policy which provides restrictions or limitations on credit ratings for the Town's investments. The Town's investment in the NCCMT - Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2024.

As of June 30, 2024, the Town's investment balances were as follows:

Investment by Type	Valuation Measurement Method	Fair Value June 30, 2024	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 1,215,372 <u>\$ 1,215,372</u>	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest rate risk. The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2024, the Town's deposits are insured or collateralized as required by state law.

NOTE 4. RECEIVABLES

Receivables at June 30, 2024, for the Town's individual major funds, including any applicable allowances for uncollectible accounts are as follows:

	General Fund	Water and Sewer Fund	Total
Receivables:			
Taxes	\$ 119,529	\$ -	\$ 119,529
Accounts	3,015	945,993	949,008
Due from other governments	893,609	351,509	1,245,118
Gross receivables	<u>1,016,153</u>	<u>1,297,502</u>	<u>2,313,655</u>
Less allowance			
for uncollectible accounts	(8,000)	-	(8,000)
Total allowance	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>
Net receivables	<u>\$ 1,008,153</u>	<u>\$ 1,297,502</u>	<u>\$ 2,305,655</u>

The Town entered into a lease agreement as the lessor beginning in fiscal year 2022. This lease is between the Town of Wilkesboro and the Wilkesboro Alcoholic Beverage Control Board which is a discretely presented component unit of the Town. The Town received yearly payments of \$75,000 which includes the principal and interest components of the payment. The interest rate for the lease is 2.14%. For the current year, the Town recognized \$52,328 in lease revenue and \$22,672 in interest revenue related to the lease. As of June 30, 2024, the Town's receivable for lease payments was \$1,007,125, which was recorded in the Town's General Fund. The Town reports a corresponding deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on June 30, 2040. This deferred inflow of resources has a balance of \$988,674 as of June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the Town's governmental activities for the year ended June 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 2,222,516	\$ -	\$ (40,000)	\$ -	\$ 2,182,516
Construction in progress	3,198,157	418,899	-	(2,704,399)	912,657
Total	<u>5,420,673</u>	<u>418,899</u>	<u>(40,000)</u>	<u>(2,704,399)</u>	<u>3,095,173</u>
Capital assets, being depreciated/amortized:					
Buildings	3,099,454	-	(102,697)	-	2,996,757
Other improvements	628,234	157,285	(7,940)	-	777,579
Equipment and furniture	1,080,014	110,278	(19,944)	-	1,170,348
Vehicles	5,116,137	-	(1,080,164)	-	4,035,973
Computer software	39,213	-	-	-	39,213
Computer equipment	21,273	464	-	9,655	31,392
Infrastructure	977,309	-	-	2,694,744	3,672,053
Right-to-use lease asset (equipment)	78,201	-	-	-	78,201
Right-to-use lease asset (vehicles)	-	306,359	-	-	306,359
Total	<u>11,039,835</u>	<u>574,386</u>	<u>(1,210,745)</u>	<u>2,704,399</u>	<u>13,107,875</u>
Less accumulated					
Depreciation/amortization for:					
Buildings	(1,569,974)	(60,155)	22,662	-	(1,607,467)
Other improvements	(482,172)	(32,049)	7,940	-	(506,281)
Equipment and furniture	(712,743)	(72,386)	19,944	-	(765,185)
Vehicles	(4,061,633)	(211,159)	1,080,164	-	(3,192,628)
Computer software	(35,790)	(1,173)	-	-	(36,963)
Computer equipment	(21,273)	(1,084)	-	-	(22,357)
Infrastructure	(284,915)	(57,057)	-	-	(341,972)
Right-to-use lease asset (equipment)	(38,940)	(19,550)	-	-	(58,490)
Right-to-use lease asset (vehicles)	-	(12,464)	-	-	(12,464)
Total	<u>(7,207,440)</u>	<u>(467,077)</u>	<u>1,130,710</u>	<u>-</u>	<u>(6,543,807)</u>
Total capital assets, being depreciated/amortized, net	<u>3,832,395</u>	<u>107,309</u>	<u>(80,035)</u>	<u>2,704,399</u>	<u>6,564,068</u>
Governmental activities capital assets, net	<u>\$ 9,253,068</u>	<u>\$ 526,208</u>	<u>\$ (120,035)</u>	<u>\$ -</u>	<u>\$ 9,659,241</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General government	\$ 64,686
Public safety	261,277
Transportation	69,705
Environmental protection	30,401
Culture and recreation	41,008
Total depreciation and amortization expense - governmental activities	<u>\$ 467,077</u>

Capital asset activity for the Town's Water and Sewer Fund for the year ended June 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Water and Sewer Fund					
Capital assets, not being depreciated/amortized:					
Land	\$ 609,932	\$ -	\$ -	\$ -	\$ 609,932
Construction in progress	4,175,429	1,492,957	-	(249,703)	5,418,683
Total	<u>4,785,361</u>	<u>1,492,957</u>	<u>-</u>	<u>(249,703)</u>	<u>6,028,615</u>
Capital assets, being					
Depreciated/amortized:					
Plant and distribution system	56,783,887	439,666	(1,057,910)	249,703	56,415,346
Equipment	4,753,895	396,350	(662,480)	-	4,487,765
Right-to-use lease asset (equipment)	19,550	-	-	-	19,550
Total	<u>61,557,332</u>	<u>836,016</u>	<u>(1,720,390)</u>	<u>249,703</u>	<u>60,922,661</u>
Less accumulated					
Depreciation/amortization for:					
Plant and distribution system	(16,986,245)	(1,085,361)	809,565	-	(17,262,041)
Equipment	(3,484,398)	(259,358)	660,408	-	(3,083,348)
Right-to-use lease asset (equipment)	(9,776)	(4,888)	-	-	(14,664)
Total	<u>(20,480,419)</u>	<u>(1,349,607)</u>	<u>1,469,973</u>	<u>-</u>	<u>(20,360,053)</u>
Total capital assets, being depreciated/amortized, net	<u>41,076,913</u>	<u>(513,591)</u>	<u>(250,417)</u>	<u>249,703</u>	<u>40,562,608</u>
Business-type activities capital assets, net	<u>\$ 45,862,274</u>	<u>\$ 979,366</u>	<u>\$ (250,417)</u>	<u>\$ -</u>	<u>\$ 46,591,223</u>

The Town has active construction projects as of June 30, 2024, for which contracts have been executed with third-party vendors/contractors. At year-end, the Town's commitment under these contracts was approximately \$1,053,000, which represents the balance to finish not reflected as a liability in these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
Lease payable	\$ 39,051	\$ 306,359	\$ (29,611)	\$ 315,799	\$ 73,959
Notes from direct borrowings	503,524	-	(153,556)	349,968	145,442
Compensated absences	40,942	41,843	(35,718)	47,067	47,067
Total pension liability (LEO)	643,660	69,615	(61,431)	651,844	-
Net pension liability (LGERS)	2,095,903	1,446,468	(1,140,338)	2,402,033	-
Total OPEB liability	4,060,309	923,855	(121,703)	4,862,461	-
Total long-term liabilities	<u>\$ 7,383,389</u>	<u>\$ 2,788,140</u>	<u>\$ (1,542,357)</u>	<u>\$ 8,629,172</u>	<u>\$ 266,468</u>
Business-type Activities					
Lease payable	\$ 10,748	\$ -	\$ (4,949)	\$ 5,799	\$ 5,799
Notes from direct borrowings	4,827,961	-	(834,497)	3,993,464	837,458
Compensated absences	24,617	49,632	(32,672)	41,577	41,577
Net pension liability (LGERS)	1,397,269	578,587	(374,501)	1,601,355	-
Total OPEB liability	2,706,873	615,904	(81,136)	3,241,641	-
Total long-term liabilities	<u>\$ 8,967,468</u>	<u>\$ 1,244,123</u>	<u>\$ (1,327,755)</u>	<u>\$ 8,883,836</u>	<u>\$ 884,834</u>

The compensated absences, pension, and OPEB liabilities reported in governmental activities are liquidated by the General Fund.

Direct Borrowings – Notes Payable

Description	Outstanding
In 2017, the Town entered into a financing agreement bearing interest at 2.32%, secured by equipment and property. The agreement requires annual payments in the amount of \$103,740 to \$89,530, including interest, and matures in fiscal year 2027.	\$ 262,500
In 2015, the Town entered into a financing agreement bearing interest at 2.54%, secured by equipment. The agreement requires quarterly payments of \$14,904, including interest, and matures in fiscal year 2026.	87,468
Total notes payable (direct borrowings), governmental activities	<u>\$ 349,968</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Direct Borrowings – Notes Payable (Continued)

The debt service to maturity on the Town's governmental activities' notes payable is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 145,442	\$ 7,763	\$ 153,205
2026	117,026	4,342	121,368
2027	87,500	2,030	89,530
Total	<u>\$ 349,968</u>	<u>\$ 14,135</u>	<u>\$ 364,103</u>

The outstanding balances for the business-type activities notes payable as of June 30, 2024, are as follows:

<u>Description</u>	<u>Outstanding</u>
In 2017, the Town entered into a financing agreement bearing interest at 2.32%, secured by equipment and property. The agreement requires annual payments in the amount of \$509,394, including interest, and matures in fiscal year 2027.	\$ 1,459,923
In 2012, the Town entered into a financing agreement bearing interest at 2.50%, secured by water and sewer revenues. The agreement requires annual payments from \$470,514 to \$370,983, including interest, and matures in fiscal year 2031.	2,533,541
Total notes payable (direct borrowings), business-type activities	<u>\$ 3,993,464</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Direct Borrowings – Notes Payable (Continued)

The debt service to maturity on the Town's business-type activities' notes payable is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 837,458	\$ 97,209	\$ 934,667
2026	848,490	77,128	925,618
2027	859,778	56,792	916,570
2028	361,934	36,193	398,127
2029	361,934	27,145	389,079
2030-2031	<u>723,870</u>	<u>27,145</u>	<u>751,015</u>
Total	<u>\$ 3,993,464</u>	<u>\$ 321,612</u>	<u>\$ 4,315,076</u>

Leases Payable

In July 2021, the Town entered into a 48-month lease as lessee for the right to use office equipment. An initial lease liability was recorded in the amount of \$97,751. As of year-end, the value of the lease liability is \$25,110. The Town is required to make monthly fixed payments of \$2,165. The lease has an interest rate of 3.16%. The value of the right-to-use asset (equipment) as of year-end is \$97,751 with accumulated amortization of \$73,112. This lease was split between the Town's governmental activities and the Water and Sewer Fund (business-type activities).

In April 2024, the Town entered into a 60-month lease as lessee for the right to use seven (7) vehicles. An initial lease liability was recorded in the amount of \$306,359. As of year-end, the value of the lease liability is \$296,488. The Town is required to make monthly fixed payments of \$876 for five (5) of the vehicles and the leases have an interest rate of 5.69%. For the remaining two (2) vehicles, the Town is required to make monthly fixed payments of \$880 and the leases have an interest rate of 5.81%. The value of the right-to-use asset (equipment) as of year-end is \$306,359 with accumulated amortization of \$12,464. This lease was split between the Town's governmental activities and the Water and Sewer Fund (business-type activities).

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Leases Payable (Continued)

The debt service to maturity on the Town's outstanding lease liabilities are as follows:

<u>Year ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2025	\$ 73,959	\$ 16,158	\$ 90,117
2026	57,448	12,578	70,026
2027	60,884	9,142	70,026
2028	64,518	5,508	70,026
2029	58,990	1,637	60,627
Total	<u>\$ 315,799</u>	<u>\$ 45,023</u>	<u>\$ 360,822</u>

<u>Year ending June 30,</u>	Business-type Activities		
	Principal	Interest	Total
2025	\$ 5,799	\$ 88	\$ 5,887
Total	<u>\$ 5,799</u>	<u>\$ 88</u>	<u>\$ 5,887</u>

NOTE 7. INTERFUND BALANCES AND INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2024, is as follows:

Interfund transfers:

	Transfer Out	Transfer In
Nonmajor governmental funds	\$ (6,597)	\$ 320,635
General Fund	(320,635)	6,597
	<u>\$ (327,232)</u>	<u>\$ 327,232</u>

Transfers between the General Fund and the nonmajor governmental funds were made to close out various projects and transfer funds to the Friends of Wilkesboro, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS

A. Local Governmental Employees' Retirement System

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Benefits Provided (Continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town 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's contractually required contribution rate for the year ended June 30, 2024, was 15.24% of compensation for law enforcement officers and 13.65% 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 were \$694,130 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Town reported a liability of \$4,003,388 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.06045%, which was a decrease of 0.00147% from its proportion measured as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$1,145,737. At June 30, 2024, 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	\$ 446,096	\$ 9,604
Changes in plan assumptions	170,121	-
Net difference between projected and actual earnings on pension plan investments	1,071,483	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	40,468	42,196
Town contributions subsequent to the measurement date	694,130	-
Total	<u>\$ 2,422,298</u>	<u>\$ 51,800</u>

Town contributions made subsequent to the measurement date of \$694,130 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2025	\$ 616,988
2026	308,533
2027	705,540
2028	45,307
	<u>\$ 1,676,368</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability as of June 30, 2023 (measurement date), was determined by the December 31, 2022 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 percent, including inflation and productivity factor
Discount rate	6.50 percent, net of pension plan investment 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, 2022, valuation were based on the results of an actuarial experience review 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability	\$ 6,935,718	\$ 4,003,388	\$ 1,589,225

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

B. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town 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. The Separation Allowance is equal to .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. A separate report is not issued for the Plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At June 30, 2023, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	21
Total	24

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the June 30, 2023, valuation. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 percent
Discount rate	3.97 percent

The discount rate used to measure the total pension liability is 3.97%, an increase from 3.87% used in the prior period. As the plan is funded on a pay as you go basis and thus no assets are set aside to pay benefits, the discount rate is equal to the yield on a 20-year Municipal Bond Aa index as of June 30, 2024 (Fidelity G.O. Municipal Bond Index).

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$52,076 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 \$651,844. The total pension liability was measured as of June 30, 2024, based on a June 30, 2023 actuarial valuation. For the year ended June 30, 2024, the Town recognized pension expense of \$47,330.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

At June 30, 2024, the Town reports deferred outflows and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience differences	\$ 40,428	\$ 153,186
Change in assumptions	72,301	63,802
Total	<u>\$ 112,729</u>	<u>\$ 216,988</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2025	\$ (28,009)
2026	(28,009)
2027	(28,009)
2028	(28,009)
2029	6,798
Thereafter	979
	<u>\$ (104,259)</u>

Changes in the Total Pension Liability. The changes in the total pension liability of the Town for the fiscal year ended June 30, 2024, were as follows:

	Total Pension Liability
Balance at June 30, 2023	\$ 643,660
Service cost	40,973
Interest	23,902
Assumption changes	(4,615)
Benefit payments	(52,076)
Balance at June 30, 2024	<u>\$ 651,844</u>

The required schedule of changes in the Town's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

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 3.97 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 (2.97 percent) or 1-percentage-point higher (4.97 percent) than the current rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total pension liability	\$ 702,145	\$ 651,844	\$ 606,023

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 June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the ACFR for the state of North Carolina. The state's ACFR 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONTINUED)

C. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2024, were \$238,927 which consisted of \$167,392 from the Town and \$71,535 from the law enforcement officers. As of June 30, 2024, there were twenty-two (24) active participants in the Plan.

D. 401(k) Retirement Plan

For the year ended June 30, 2024, the Town contributed to an approved 401(k) Retirement Plan covering eligible employees not engaged in law enforcement. The Town elected to make matching contributions of up to five percent (5%) of eligible salaries. The Town's contribution to the plan for the year ended June 30, 2024, was \$233,920.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided. Under the terms of a Town resolution, the Town administers a single employer defined benefit healthcare plan (the "Retiree Health Plan"). This plan provides health care benefits for all retired personnel who have thirty years of full-time service with the Town and all elected officials who have fourteen years of service as of April 6, 1998, with the Town. The spouse and eligible dependents are also covered. A retired employee's spouse and eligible dependents may continue to receive coverage upon death of the employee. However, if a retiree's spouse remarries after the death of the retiree, the spouse will no longer be eligible for insurance coverage. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the Retiree Health Plan.

Membership of the Retiree Health Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	15
Active plan members	94
Total	<u>109</u>

Contributions. The Town Council has elected to fund the Retiree Health Plan on a "pay as you go" basis. Per the Town resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by Town contributions. For the fiscal year ended June 30, 2024, the Town contributed \$202,839 for the pay as you go benefits for the Retiree Health Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The Town's total OPEB liability of \$8,104,102 was measured as of June 30, 2024, and was determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 percent
Healthcare cost trend rates	7.00/5.50 percent (pre-65/post 65) with an ultimate trend rate of 4.25/4.25 percent
Discount rate	3.97 percent

The discount rate used to measure the total OPEB liability was 3.97%. As the Town is not funding the OPEB plan, their rate is equal to the yield on the Fidelity GO Municipal Bond Index as of June 30, 2024.

Changes in the Total OPEB Liability. The changes in the total OPEB liability for the Town for the fiscal year ended June 30, 2024, were as follows:

	Total OPEB Liability
Balance at June 30, 2023	\$ 6,767,182
Service cost	205,153
Interest	258,673
Experience differences	583,293
Assumption changes	492,640
Benefit payments	(202,839)
Balance at June 30, 2024	<u>\$ 8,104,102</u>

Change in assumption and other inputs reflect a change in the discount rate from 3.87% to 3.97%. The current mortality rates were updated to use the Society of Actuaries Public Mortality (Pub 2010G and Pub 2010S) headcount-weighted tables, with generational mortality improvement using scale SSA18. The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019. All other assumptions are the same as those used in the most recent (December 31, 2022) valuation for LGERS.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.97 percent) or 1-percentage-point higher (4.97) than the current discount rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability	\$ 9,991,158	\$ 8,104,102	\$ 6,704,953

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.25%)	Current (4.25%)	1% Increase (5.25%)
Total OPEB Liability	\$ 6,668,160	\$ 8,104,102	\$ 10,029,231

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2024, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Town recognized OPEB expense in the amount of \$679,893.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

***OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB
(Continued)***

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,903,760	\$ 2,213,310
Changes in plan assumptions	2,976,172	1,809,676
Total	<u>\$ 5,879,932</u>	<u>\$ 4,022,986</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2025	\$ 216,067
2026	216,067
2027	216,067
2028	216,067
2029	216,067
Thereafter	776,611
	<u>\$ 1,856,946</u>

NOTE 10. RISK MANAGEMENT

The Town partners with a local insurance agency to obtain general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The premiums and property values are reanalyzed annually to ensure the Town has appropriate coverage at a fair market value.

The Town uses an insurance broker and third-party administrator to manage their self-insured health insurance benefits.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT (CONTINUED)

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 carries flood insurance on the garbage/warehouse building and contents. Flood insurance is not carried on any other Town structure.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000. Public officials are also bonded for \$1,000,000 per wrongful act.

For health and dental insurance coverage, the Town is self-insured for individual losses up to \$60,000. The Town purchases reinsurance for individual losses over \$55,000, as well as reinsurance for total plan losses in excess of \$1,660,072.

A summary of the Town's self-insurance claims payable as of June 30, 2024, is as follows:

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Governmental Activities		
Claims payable, beginning of year	\$ 173,867	\$ 265,235
Incurred claims and changes in estimates	1,291,728	962,716
Claim payments	(1,200,360)	(1,123,922)
Claims payable, end of year	<u>\$ 265,235</u>	<u>\$ 104,029</u>

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation:

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grant Contingencies:

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the Town believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. ACCOUNTING CHANGES

Changes within the Financial Reporting Entity

The Town's governmental capital project fund used to account for the construction of the Woodfield Way Bridge was completed during the year. As such, the financial activity within the fund has dropped below the level at which funds are considered to be "major funds". In accordance with GAAP, this capital project fund has been reclassified and reported as a nonmajor governmental fund. The effect of this change is summarized below:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	
	Woodfield Way Bridge Fund	Nonmajor Governmental Funds
July 1, 2023, as previously reported	\$ (188,935)	\$ 348,306
Change from major fund to nonmajor fund	188,935	(188,935)
July 1, 2023, as restated	\$ -	\$ 159,371

NOTE 13. SPECIAL ITEM

The Town discontinued the operations of the Tourism Bureau and liquidated its assets as of June 30, 2024. As a result, the balance in the Tourism Bureau's checking account (\$130,496) was given to the FoW and the balance in the Tourism Bureau's NCCMT (\$109,679) was transferred to the Town's NCCMT account. The dissolution of the Tourism Bureau is nonroutine and infrequent in nature. In addition, the decision was completely within the Town's control. Therefore, the above amounts are reported as a special item.

The operations of the Tourism Bureau continued through May of 2024 and were fully liquidated as of June 30, 2024. Beginning July 1, 2024, Wilkes County (the "County") will assume responsibility for tourism development within the County.

The Town created a separate 501 (c)(3) not-for-profit organization for the general purpose of performing functions for the exclusive benefit of the Town. The FoW was specifically created to promote the Town's outdoor economy and support the Town in the sponsorship of projects and events intended to enhance, enrich, and promote the lives and general welfare of the Town's citizens. The FoW is reported as a blended component unit.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WILKESBORO, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST EIGHT FISCAL YEARS***

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability, beginning balance	<u>\$ 643,660</u>	<u>\$ 587,495</u>	<u>\$ 657,801</u>	<u>\$ 574,573</u>	<u>\$ 527,944</u>	<u>\$ 849,316</u>	<u>\$ 530,663</u>	<u>\$ 534,869</u>
Service cost	40,973	42,361	41,028	31,110	30,131	21,342	20,297	20,713
Interest on the total pension liability	23,902	22,290	12,978	14,463	16,987	27,028	19,887	18,522
Difference between expected and actual experience	-	51,980	-	(34,210)	-	(335,450)	274,515	-
Changes of assumptions or other inputs	(4,615)	(8,390)	(78,344)	102,768	30,414	(3,389)	34,857	(11,350)
Benefit payments	<u>(52,076)</u>	<u>(52,076)</u>	<u>(45,968)</u>	<u>(30,903)</u>	<u>(30,903)</u>	<u>(30,903)</u>	<u>(30,903)</u>	<u>(32,091)</u>
Total pension liability, ending balance	<u><u>\$ 651,844</u></u>	<u><u>\$ 643,660</u></u>	<u><u>\$ 587,495</u></u>	<u><u>\$ 657,801</u></u>	<u><u>\$ 574,573</u></u>	<u><u>\$ 527,944</u></u>	<u><u>\$ 849,316</u></u>	<u><u>\$ 530,663</u></u>

Notes:

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

*Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF WILKESBORO, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL LAST NINE FISCAL YEARS*

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability	\$ 651,844	\$ 643,660	\$ 587,495	\$ 657,801	\$ 574,573	\$ 527,944	\$ 849,316	\$ 530,663	\$ 534,869
Town's covered payroll	\$ 1,040,998	\$ 1,040,998	\$ 1,125,914	\$ 986,209	\$ 1,035,285	\$ 963,433	\$ 788,396	\$ 783,142	\$ 785,769
Total pension liability as a percentage of covered payroll	62.62%	61.83%	52.18%	66.70%	55.50%	54.80%	107.73%	67.76%	68.07%

Notes:

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

*Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TOWN OF WILKESBORO, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION OPEB HEALTHCARE BENEFIT PLAN SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST SEVEN FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 205,153	\$ 198,351	\$ 333,995	\$ 322,700	\$ 272,128	\$ 262,926	\$ 253,692
Interest on total OPEB liability	258,673	250,496	178,933	194,112	259,476	253,534	101,461
Difference between expected and actual experience	583,293	-	(855,569)	-	(2,047,555)	-	3,684,998
Changes of assumptions and other inputs	492,640	(222,525)	(1,959,045)	948,180	1,167,805	830,283	548,364
Benefit payments	(202,839)	(97,749)	(89,832)	(69,724)	(69,120)	(70,188)	(191,551)
Net change in total OPEB liability	1,336,920	128,573	(2,391,518)	1,395,268	(417,266)	1,276,555	4,396,964
Total OPEB liability - beginning	6,767,182	6,638,609	9,030,127	7,634,859	8,052,125	6,775,570	2,378,606
Total OPEB liability - ending	\$8,104,102	\$6,767,182	\$6,638,609	\$9,030,127	\$7,634,859	\$8,052,125	\$6,775,570
Covered-employee payroll	\$4,811,120	\$5,032,405	\$4,615,310	\$3,857,137	\$4,053,302	\$4,041,719	\$3,655,936
Total OPEB liability as a percentage of covered-employee payroll	168.4%	134.5%	143.8%	234.1%	188.4%	199.2%	185.3%

Notes to the Schedule:

*The schedule will present 10 years of information once it is accumulated.

The Town is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

TOWN OF WILKESBORO, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS**

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability (asset) (%)	0.06045%	0.06192%	0.05868%	0.05807%	0.06116%	0.05886%	0.05780%	0.06250%	0.05850%	0.05690%
Town's proportion of the net pension liability (asset) (\$)	\$ 4,003,388	\$ 3,493,172	\$ 899,914	\$ 2,075,087	\$ 1,670,232	\$ 1,396,361	\$ 882,718	\$ 1,325,399	\$ 15,172	\$ (335,330)
Town's covered payroll	\$ 5,191,248	\$ 4,546,085	\$ 4,242,477	\$ 3,757,314	\$ 3,823,242	\$ 3,548,885	\$ 3,422,499	\$ 3,247,723	\$ 3,091,122	\$ 2,415,834
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.12%	76.84%	21.21%	55.23%	43.69%	39.35%	25.79%	40.81%	0.49%	(13.88%)
Plan fiduciary net position as a percentage of the total pension liability (1)	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%

Notes to the Schedule:

(1) This information was obtained from the State of North Carolina's Annual Comprehensive Financial Report

TOWN OF WILKESBORO, NORTH CAROLINA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 694,130	\$ 640,685	\$ 520,991	\$ 435,472	\$ 359,504	\$ 301,574	\$ 274,336	\$ 256,292	\$ 227,101	\$ 221,161
Contributions in relation to the contractually required contribution	694,130	640,685	520,991	435,472	359,504	301,574	274,336	256,292	227,101	221,161
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 4,865,020	\$ 5,191,248	\$ 4,546,085	\$ 4,242,477	\$ 3,757,314	\$ 3,823,242	\$ 3,548,885	\$ 3,422,499	\$ 3,247,723	\$ 3,091,122
Contributions as a percentage of covered payroll	14.27%	12.34%	11.46%	10.26%	9.57%	7.89%	7.73%	7.49%	6.99%	7.15%

TOWN OF WILKESBORO, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Ad valorem taxes:				
Taxes	\$ 3,650,000	\$ 3,650,000	\$ 3,522,368	\$ (127,632)
Penalties and interest	10,000	10,000	15,072	5,072
Total ad valorem taxes	3,660,000	3,660,000	3,537,440	(122,560)
Unrestricted intergovernmental:				
Local option sales tax	1,675,000	1,675,000	1,709,042	34,042
Payments in lieu of taxes (external sources)	1,000	1,000	-	(1,000)
Telecommunications sales tax	16,000	16,000	13,804	(2,196)
Utility franchise tax	530,000	530,000	580,927	50,927
Piped natural gas tax	8,000	8,000	10,863	2,863
Video franchise fee	35,000	35,000	27,714	(7,286)
Beer and wine tax	15,000	15,000	17,832	2,832
ABC profit distribution	100,000	100,000	241,515	141,515
Sales and use tax refund	-	-	197,926	197,926
Total unrestricted intergovernmental	2,380,000	2,380,000	2,799,623	419,623
Restricted intergovernmental:				
Powell Bill allocation	125,000	125,000	138,518	13,518
Other federal and state grants	-	148,500	301,851	153,351
Controlled substance tax	5,000	5,000	3,559	(1,441)
Solid waste disposal tax	2,500	2,500	2,904	404
Occupancy tax	305,000	305,000	111,092	(193,908)
Total restricted intergovernmental	437,500	586,000	557,924	(28,076)
Permits and fees:				
Business registration fees	500	500	846	346
Street assessment	500	500	-	(500)
Permits	400	400	200	(200)
Total permits and fees	1,400	1,400	1,046	(354)
Sales and service:				
Rents	150,000	150,000	40,767	(109,233)
Court costs, fees and charges	5,000	5,000	2,920	(2,080)
Sanitation fees	200,000	200,000	150,010	(49,990)
Park lights	4,500	4,500	4,369	(131)
Total sales and service	359,500	359,500	198,066	(161,434)
Investment earnings	2,500	2,500	80,249	77,749
Miscellaneous				
Other	1,073,700	1,146,200	723,526	(422,674)
Cemetery donation	5,000	5,000	4,714	(286)
Total miscellaneous	1,078,700	1,151,200	728,240	(422,960)
Total revenues	7,919,600	8,140,600	7,902,588	(238,012)

(continued)

TOWN OF WILKESBORO, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	\$ 2,500	\$ 2,500	\$ 23,972	\$ (21,472)
Operating expenditures	175,500	175,500	116,285	59,215
Economic development	270,000	270,000	73,193	196,807
Total	448,000	448,000	213,450	234,550
Administration:				
Salaries and employee benefits	732,000	732,000	456,280	275,720
Other operating expenditures	255,000	255,000	231,158	23,842
Insurance	1,352,000	1,352,000	1,327,472	24,528
Total	2,339,000	2,339,000	2,014,910	324,090
Public buildings:				
Salaries and employee benefits	377,300	377,300	406,027	(28,727)
Other operating expenditures	456,000	471,000	197,950	273,050
Capital outlay	70,000	70,000	298,048	(228,048)
Total	903,300	918,300	902,025	16,275
Information Technology:				
Salaries and employee benefits	86,800	86,800	83,738	3,062
Other operating expenditures	34,200	34,200	8,191	26,009
Insurance	20,000	20,000	10,119	9,881
Total	141,000	141,000	102,048	38,952
Total general government	3,831,300	3,846,300	3,232,433	613,867
Public safety:				
Police:				
Salaries and employee benefits	1,572,000	1,623,500	1,729,894	(106,394)
Other operating expenditures	337,000	447,000	718,328	(271,328)
Capital outlay	25,000	25,000	11,343	13,657
Total	1,934,000	2,095,500	2,459,565	(364,065)
Fire:				
Salaries and employee benefits	417,500	417,500	353,222	64,278
Retirement benefits paid	16,000	16,000	12,102	3,898
Other operating expenditures	653,500	667,500	596,270	71,230
Capital outlay	165,000	187,000	188,290	(1,290)
Total	1,252,000	1,288,000	1,149,884	138,116
Inspections:				
Salaries and employee benefits	233,500	233,500	194,514	38,986
Other operating expenditures	256,200	264,700	225,883	38,817
Total	489,700	498,200	420,397	77,803
Total public safety	3,675,700	3,881,700	4,029,846	(148,146)

TOWN OF WILKESBORO, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Environmental protection:				
Sanitation:				
Salaries and employee benefits	\$ 156,000	\$ 156,000	\$ 134,290	\$ 21,710
Other operating expenditures	48,000	48,000	68,725	(20,725)
Landfill tipping fees	65,000	65,000	63,148	1,852
Capital outlay	15,000	15,000	-	15,000
Total	284,000	284,000	266,163	17,837
Total environmental protection	284,000	284,000	266,163	17,837
Cultural and recreation:				
Parks and recreation:				
Salaries and employee benefits	246,000	246,000	270,635	(24,635)
Other operating expenditures	193,000	203,000	295,056	(92,056)
Total	439,000	449,000	565,691	(116,691)
Total culture and recreation	439,000	449,000	565,691	(116,691)
Debt service:				
Principal retirement	175,000	175,000	183,167	(8,167)
Interest and other charges	20,000	20,000	14,940	5,060
Total	195,000	195,000	198,107	(3,107)
Total debt service	195,000	195,000	198,107	(3,107)
Total expenditures	8,425,000	8,656,000	8,292,240	363,760
Deficiency of revenues under expenditures	(505,400)	(515,400)	(389,652)	125,748
Other financing sources				
Lease liabilities issued	-	-	306,359	306,359
Sale of capital asset	-	-	13,875	13,875
Transfer In	-	-	6,597	6,597
Transfer out	-	-	(320,635)	(320,635)
Appropriation of fund balance	505,400	515,400	-	(515,400)
Total other financing sources	505,400	515,400	6,196	(509,204)
Special item				
Dissolution of the Wilkesboro TDA (Note 13)	-	-	109,679	109,679
Net change in fund balances	\$ -	\$ -	(273,777)	\$ (273,777)
Fund balance, beginning of year			2,692,072	
Fund balance, end of year			<u>\$ 2,418,295</u>	

TOWN OF WILKESBORO, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

Grant Project Fund – A special revenue fund that is used to account for grant funds that are restricted for the use of a particular purpose.

Friends of Wilkesboro, Inc. Fund – A special revenue fund that is used to account for the operations of the Friends of Wilkesboro, Inc., a blended component unit.

SCIF Restroom Project Fund – A capital project fund that is used to account for the construction of bathrooms in the downtown area of the Town.

Woodfield Way Bridge Fund – A capital project fund that is used to account for the design and construction of the Woodfield Way Bridge

Fire Substation Project Fund – A capital project fund that is used to account for the design and construction of the Fire Substation.

TOWN OF WILKESBORO, NORTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Grant Project Fund	Friends of Wilkesboro, Inc.	SCIF Restroom Project Fund	Woodfield Way Bridge Fund	Fire Substation Project Fund	
ASSETS						
Restricted Cash	\$ -	\$ 399,032	\$ 295,498	\$ -	\$ 750,000	\$ 1,444,530
Due from other governments	-	401	15,000	-	-	15,401
Total assets	<u>\$ -</u>	<u>\$ 399,433</u>	<u>\$ 310,498</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 1,459,931</u>
LIABILITIES AND FUND BALANCE						
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grants	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
FUND BALANCES						
Restricted for capital projects	-	-	295,498	-	750,000	1,045,498
Restricted for culture and recreation	-	399,433	-	-	-	399,433
Total fund balances	<u>-</u>	<u>399,433</u>	<u>295,498</u>	<u>-</u>	<u>750,000</u>	<u>1,444,931</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 399,433</u>	<u>\$ 310,498</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ 1,459,931</u>

TOWN OF WILKESBORO, NORTH CAROLINA

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

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Grant Project Fund	Friends of Wilkesboro, Inc.	SCIF Restroom Project Fund	Woodfield Way Bridge Fund	Fire Substation Project Fund	
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 173,989	\$ 750,000	\$ 923,989
Charges for Services	-	10,301	-	-	-	10,301
Investment Earnings	-	8	-	-	-	8
Miscellaneous	-	10,837	-	-	-	10,837
Total revenues	-	21,146	-	173,989	750,000	945,135
EXPENDITURES						
General government	-	-	46,211	-	-	46,211
Transportation	-	-	-	30,355	-	30,355
Culture and Recreation	-	27,543	-	-	-	27,543
Total expenditures	-	27,543	46,211	30,355	-	104,109
Excess (deficiency) of revenues over (under) expenditures	-	(6,397)	(46,211)	143,634	750,000	841,026
OTHER FINANCING SOURCES (USES)						
Transfers in	-	275,334	-	45,301	-	320,635
Transfers out	(6,597)	-	-	-	-	(6,597)
Total other financing sources (uses)	(6,597)	275,334	-	45,301	-	314,038
SPECIAL ITEM						
Dissolution of the Wilkesboro TDA	-	130,496	-	-	-	130,496
Net change in fund balances	(6,597)	399,433	(46,211)	188,935	750,000	1,285,560
FUND BALANCES, beginning of year	6,597	-	341,709	(188,935)	-	159,371
FUND BALANCES, end of year	\$ -	\$ 399,433	\$ 295,498	\$ -	\$ 750,000	\$ 1,444,931

TOWN OF WILKESBORO, NORTH CAROLINA

SPECIAL REVENUE FUND - GRANT PROJECT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PROJECT LIFE AS OF JUNE 30, 2024

	Project Budget	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental				
Government grant	\$ 59,200	\$ 59,200	\$ -	\$ 59,200
Total revenues	59,200	59,200	-	59,200
EXPENDITURES				
Cultural and recreational	61,000	52,603	-	52,603
Total expenditures	61,000	52,603	-	52,603
Excess (deficiency) of revenues over (under) expenditures	(1,800)	6,597	-	6,597
OTHER FINANCING SOURCES (USES)				
Transfers to general fund	-	-	(6,597)	(6,597)
Transfers from general fund	1,800	-	-	-
Net change in fund balance	\$ -	\$ 6,597	(6,597)	\$ -
FUND BALANCE, beginning of year			6,597	
FUND BALANCE, end of year			\$ -	

TOWN OF WILKESBORO, NORTH CAROLINA

FRIENDS OF WILKESBORO, INC. SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)
Private Donations	6,400	6,400	10,837	4,437
Charges for services	30,000	30,000	10,301	(19,699)
Investment earnings	-	-	8	8
Total revenues	<u>176,400</u>	<u>176,400</u>	<u>21,146</u>	<u>(155,254)</u>
EXPENDITURES				
Culture and recreation:				
Operations	35,000	35,000	25,584	9,416
Insurance	2,000	2,000	1,766	234
Dues & Subscriptions	500	500	105	395
Miscellaneous	500	500	88	412
Contingency	<u>138,400</u>	<u>138,400</u>	<u>-</u>	<u>138,400</u>
Total expenditures	<u>176,400</u>	<u>176,400</u>	<u>27,543</u>	<u>148,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(6,397)</u>	<u>(6,397)</u>
OTHER FINANCING SOURCES				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>275,334</u>	<u>275,334</u>
SPECIAL ITEM				
Dissolution of the Wilkesboro TDA	<u>-</u>	<u>-</u>	<u>130,496</u>	<u>130,496</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>399,433</u>	<u>\$ 399,433</u>
FUND BALANCE				
Beginning balance			<u>-</u>	
Ending balance			<u>\$ 399,433</u>	

TOWN OF WILKESBORO, NORTH CAROLINA

CAPITAL PROJECT FUND - SCIF RESTROOM PROJECT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PROJECT LIFE AS OF JUNE 30, 2024

	Project Budget	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental				
Government grant	\$ 600,000	\$ 350,000	\$ -	\$ 350,000
Donations	400,000	-	-	-
Total revenues	<u>1,000,000</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>
EXPENDITURES				
Pre-planning and design	40,000	8,291	46,211	54,502
Construction	950,000	-	-	-
Contingency	10,000	-	-	-
Total expenditures	<u>1,000,000</u>	<u>8,291</u>	<u>46,211</u>	<u>54,502</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 341,709</u>	(46,211)	<u>\$ 295,498</u>
FUND BALANCE, beginning of year			<u>341,709</u>	
FUND BALANCE, end of year			<u>\$ 295,498</u>	

TOWN OF WILKESBORO, NORTH CAROLINA

CAPITAL PROJECT FUND - WOODFIELD WAY BRIDGE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PROJECT LIFE AS OF JUNE 30, 2024

	Project Budget	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental				
Government grant	\$ 2,895,230	\$ 2,489,402	\$ 173,989	\$ 2,663,391
Total revenues	<u>2,895,230</u>	<u>2,489,402</u>	<u>173,989</u>	<u>2,663,391</u>
EXPENDITURES				
Transportation	2,895,230	2,678,337	30,355	2,708,692
Total expenditures	<u>2,895,230</u>	<u>2,678,337</u>	<u>30,355</u>	<u>2,708,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(188,935)</u>	<u>143,634</u>	<u>(45,301)</u>
OTHER FINANCING SOURCES				
Transfers from general fund	<u>-</u>	<u>-</u>	<u>45,301</u>	<u>45,301</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (188,935)</u>	<u>188,935</u>	<u>\$ -</u>
FUND BALANCE, beginning of year			<u>(188,935)</u>	
FUND BALANCE, end of year			<u>\$ -</u>	

TOWN OF WILKESBORO, NORTH CAROLINA

CAPITAL PROJECT FUND - FIRE SUBSTATION PROJECT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PROJECT LIFE AS OF JUNE 30, 2024

	Project Budget	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental				
Government grant	\$ 750,000	\$ -	\$ 750,000	\$ 750,000
Total revenues	750,000	-	750,000	750,000
EXPENDITURES				
Pre-planning and design	100,000	-	-	-
Construction	650,000	-	-	-
Total expenditures	750,000	-	-	-
Net change in fund balance	\$ -	\$ -	750,000	\$ 750,000
FUND BALANCE, beginning of year			-	
FUND BALANCE, end of year			\$ 750,000	

TOWN OF WILKESBORO, NORTH CAROLINA

WATER AND SEWER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Operating revenues				
Charges for service	\$ 9,807,500	\$ 9,807,500	\$ 9,806,527	\$ (973)
Water and sewer taps	40,000	40,000	32,021	(7,979)
Other operating revenues	25,000	25,000	31,689	6,689
Total operating revenues	9,872,500	9,872,500	9,870,237	(2,263)
Nonoperating revenues				
Interest earnings	2,000	2,000	-	(2,000)
Miscellaneous	195,000	206,000	213,276	7,276
Total nonoperating revenues	197,000	208,000	213,276	5,276
Total revenues	10,069,500	10,080,500	10,083,513	3,013
EXPENDITURES				
Water and sewer administration				
Salaries and employee benefits	175,500	175,500	462,623	(287,123)
Other operating expenditures	180,000	180,000	183,507	(3,507)
Insurance	1,046,000	1,046,000	1,036,863	9,137
Total water and sewer administration	1,401,500	1,401,500	1,682,993	(281,493)
Water treatment and distribution				
Salaries and employee benefits	799,000	799,000	694,713	104,287
Utilities	313,000	313,000	276,306	36,694
Maintenance	117,000	117,000	53,064	63,936
Other operating expenditures	531,000	531,000	552,814	(21,814)
Total water treatment and distribution	1,760,000	1,760,000	1,576,897	183,103
Waste collection and treatment				
Salaries and employee benefits	810,000	810,000	756,719	53,281
Utilities	435,000	435,000	352,311	82,689
Maintenance	203,000	214,000	80,533	133,467
Other operating expenditures	1,117,500	1,117,500	1,147,354	(29,854)
Total waste collection and treatment	2,565,500	2,576,500	2,336,917	239,583
Maintenance				
Salaries and employee benefits	1,000,000	1,000,000	864,990	135,010
Utilities	20,000	20,000	23,256	(3,256)
Maintenance	66,000	66,000	40,355	25,645
Other operating expenditures	829,000	829,000	743,389	85,611
Total maintenance	1,915,000	1,915,000	1,671,990	243,010

TOWN OF WILKESBORO, NORTH CAROLINA

WATER AND SEWER FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Garage				
Salaries and employee benefits	\$ 218,000	\$ 218,000	\$ 148,730	\$ 69,270
Utilities	6,000	6,000	5,610	390
Maintenance	30,000	30,000	14,386	15,614
Other operating expenditures	42,000	42,000	36,999	5,001
	<u>296,000</u>	<u>296,000</u>	<u>205,725</u>	<u>90,275</u>
Debt service				
Principal retirement	915,000	915,000	839,446	75,554
Interest and other charges	200,000	200,000	113,350	86,650
Total debt service	<u>1,115,000</u>	<u>1,115,000</u>	<u>952,796</u>	<u>162,204</u>
Capital outlay				
Equipment	1,016,500	1,016,500	1,086,280	(69,780)
Total capital outlay	<u>1,016,500</u>	<u>1,016,500</u>	<u>1,086,280</u>	<u>(69,780)</u>
Total expenditures	<u>10,069,500</u>	<u>10,080,500</u>	<u>9,513,598</u>	<u>566,902</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>569,915</u>	<u>569,915</u>
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>569,915</u>	<u>\$ 569,915</u>
Adjustments to full accrual:				
Principal retirement			839,446	
Capital outlay			1,086,280	
Loss on sale of capital assets			(250,417)	
Increase in compensated absences			(16,960)	
OPEB related items			(190,819)	
Pension related items			(180,642)	
Depreciation and amortization expense			(1,349,607)	
Revenues - Water and Sewer Capital Project Fund			649,769	
Revenues - Water and Sewer Capital Reserve Fund			10,000	
Change in net position			<u>\$ 1,166,965</u>	

TOWN OF WILKESBORO, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP) PROJECT LIFE AS OF JUNE 30, 2024

		Actual		
	Project Budget	Prior Years	Current Year	Total
REVENUES				
Brown's Ford Water Loop & Tank				
IDF grant	\$ 1,110,000	\$ 1,110,000	\$ -	\$ 1,110,000
Golden LEAF grant	200,000	200,000	-	200,000
Department of Commerce grant	700,000	604,384	-	604,384
West Wilkes Water Assn contribution	5,000	-	-	-
Total	2,015,000	1,914,384	-	1,914,384
Cub Creek Wastewater Plant Expansion Project				
Grant Funds	18,000,000	2,852,513	649,769	3,502,282
SRF Loan	42,000,000	-	-	-
Total	60,000,000	2,852,513	649,769	3,502,282
Total revenues	62,015,000	4,766,897	649,769	5,416,666
EXPENDITURES				
Brown's Ford Loop & Tank				
Construction	6,073,241	7,200,931	-	7,200,931
Construction observation and admin	125,000	4,235	-	4,235
Engineering	475,000	891,990	-	891,990
Land	250,000	-	-	-
Contingency	346,162	-	-	-
Total	7,269,403	8,097,156	-	8,097,156
Cub Creek Wastewater Plant Expansion Project				
Pre-planning	1,150,000	2,167,558	1,063,945	3,231,503
Engineering and permitting	2,830,000	608,551	178,748	787,299
Pre-construction services	525,000	-	-	-
Construction	56,000,000	-	-	-
Contingency	70,000	-	-	-
Total	60,575,000	2,776,109	1,242,693	4,018,802
Water Plant				
Engineering	1,260,000	1,250,225	-	1,250,225
Contingency	-	13,760	-	13,760
Total	1,260,000	1,263,985	-	1,263,985
Total expenditures	69,104,403	12,137,250	1,242,693	13,379,943
Deficiency of revenues under expenditures	(7,089,403)	(7,370,353)	(592,924)	(7,963,277)

TOWN OF WILKESBORO, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP) PROJECT LIFE AS OF JUNE 30, 2024

	Project Budget	Prior Years	Actual Current Year	Total
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	\$ 4,500,000	\$ 4,500,000	\$ -	\$ 4,500,000
Transfer from general fund	125,000	117,752	-	117,752
Transfer from water and sewer fund	1,260,000	738,008	-	738,008
Transfer from water and sewer fund	1,204,403	3,066,990	-	3,066,990
Total other financing sources	7,089,403	8,422,750	-	8,422,750
Net change in fund balance	\$ -	\$ 1,052,397	\$ (592,924)	\$ 459,473

TOWN OF WILKESBORO, NORTH CAROLINA

WATER AND SEWER CAPITAL RESERVE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP) PROJECT LIFE AS OF JUNE 30, 2024

	Project Budget	Prior Years	Actual Current Year	Total
REVENUES				
Rent income - Vulcan Materials	\$ -	\$ 170,000	\$ 10,000	\$ 180,000
Investment earnings	137,459	250,600	-	250,600
Total revenues	137,459	420,600	10,000	430,600
OTHER FINANCING SOURCES (USES)				
Transfer from water and sewer capital projects fund	304,017	214,818	-	214,818
Transfer to water and sewer capital projects fund	(441,476)	(441,476)	-	(441,476)
Total other financing uses, net	(137,459)	(226,658)	-	(226,658)
Net change in fund balance	\$ -	\$ 193,942	\$ 10,000	\$ 203,942

TOWN OF WILKESBORO, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2024

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 3,508,678	\$ 3,482,186	\$ 26,492
2022-2023	24,900	-	12,540	12,360
2021-2022	12,325	-	4,827	7,498
2020-2021	6,723	-	1,685	5,038
2019-2020	5,435	-	865	4,570
2018-2019	4,291	-	68	4,223
2017-2018	3,813	-	45	3,768
2016-2017	2,644	-	267	2,377
2015-2016	593	-	(208)	801
2014-2015	273	-	(281)	554
2013-2014	273	-	273	-
	<u>\$ 61,270</u>	<u>\$ 3,508,678</u>	<u>\$ 3,502,267</u>	<u>67,681</u>
Plus: May and June vehicle taxes collected in July and August from the NC Division of Motor Vehicles				51,848
Less: Allowance for uncollectible accounts				<u>(8,000)</u>
Ad valorem taxes receivable, net				<u>\$ 111,529</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 3,537,440
Reconciling items:				
Interest collected				(15,072)
Taxes written off				(273)
Refunds and other adjustments				(19,828)
Total collections and credits				<u>\$ 3,502,267</u>

TOWN OF WILKESBORO, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY TOWN-WIDE LEVY JUNE 30, 2024

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 711,177,708	0.48	\$ 3,413,653	\$ 3,097,704	\$ 315,949
Utilities taxed at current year's rate	14,855,904	0.48	71,308	71,308	-
Total	<u>726,033,612</u>		<u>3,484,961</u>	<u>3,169,012</u>	<u>315,949</u>
Discoveries:					
Current year taxes	5,327,326	0.48	25,571	25,571	-
Total	<u>5,327,326</u>		<u>25,571</u>	<u>25,571</u>	<u>-</u>
Abatements and releases	(321,699)		(1,854)	(1,854)	-
Total property valuation	<u>\$ 731,039,239</u>				
Net levy			3,508,678	3,192,729	315,949
Current year levy uncollected taxes at June 30, 2024			(26,492)	(26,492)	-
Current year's taxes collected			<u>\$ 3,482,186</u>	<u>\$ 3,166,237</u>	<u>\$ 315,949</u>
Current levy collection percentage			<u>99.24%</u>	<u>99.17%</u>	<u>100.00%</u>

STATISTICAL SECTION

Town of Wilkesboro, North Carolina

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$ 4,752,912	\$ 4,956,246	\$ 5,036,845	\$ 5,122,520
Restricted	678,414	689,799	643,991	1,219,764
Unrestricted	1,059,399	186,051	(1,249,953)	(1,325,174)
Total governmental activities net position	<u>\$ 6,490,725</u>	<u>\$ 5,832,096</u>	<u>\$ 4,430,883</u>	<u>\$ 5,017,110</u>
Business-type activities				
Net investment in capital assets	\$ 23,542,444	\$ 27,196,460	\$ 28,345,248	\$ 29,990,871
Unrestricted	5,029,847	2,687,545	1,406,229	2,333,740
Total business-type activities net position	<u>\$ 28,572,291</u>	<u>\$ 29,884,005</u>	<u>\$ 29,751,477</u>	<u>\$ 32,324,611</u>
Primary government				
Net investment in capital assets				
assets	\$ 28,295,356	\$ 32,152,706	\$ 33,382,093	\$ 35,113,391
Restricted	678,414	689,799	643,991	1,219,764
Unrestricted	6,089,246	2,873,596	156,276	1,008,566
Total primary government net position	<u>\$ 35,063,016</u>	<u>\$ 35,716,101</u>	<u>\$ 34,182,360</u>	<u>\$ 37,341,721</u>

Source: Statement of Net Position

Table 1

2019	2020	2021	2022	2023	2024
\$ 4,599,805	\$ 4,561,560	\$ 4,719,144	\$ 5,446,554	\$ 8,706,405	\$ 8,993,474
721,258	1,045,744	1,006,601	2,676,150	3,092,601	2,732,352
<u>(1,746,156)</u>	<u>(2,543,541)</u>	<u>(3,348,716)</u>	<u>(2,715,790)</u>	<u>(5,214,699)</u>	<u>(4,431,491)</u>
<u>\$ 3,574,907</u>	<u>\$ 3,063,763</u>	<u>\$ 2,377,029</u>	<u>\$ 5,406,914</u>	<u>\$ 6,584,307</u>	<u>\$ 7,294,335</u>
\$ 33,993,099	\$ 35,617,628	\$ 36,612,612	\$ 38,367,642	\$ 39,793,608	\$ 42,200,672
333,534	(63,172)	(507,074)	(1,326,088)	(158,698)	(1,398,797)
<u>\$ 34,326,633</u>	<u>\$ 35,554,456</u>	<u>\$ 36,105,538</u>	<u>\$ 37,041,554</u>	<u>\$ 39,634,910</u>	<u>\$ 40,801,875</u>
\$ 38,592,904	\$ 40,179,188	\$ 41,331,756	\$ 43,814,196	\$ 48,500,013	\$ 51,194,146
721,258	1,045,744	1,006,601	2,676,150	3,092,601	2,732,352
<u>(1,412,622)</u>	<u>(2,606,713)</u>	<u>(3,855,790)</u>	<u>(4,041,878)</u>	<u>(5,373,397)</u>	<u>(5,830,288)</u>
<u>\$ 37,901,540</u>	<u>\$ 38,618,219</u>	<u>\$ 38,482,567</u>	<u>\$ 42,448,468</u>	<u>\$ 46,219,217</u>	<u>\$ 48,096,210</u>

Town of Wilkesboro, North Carolina

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 2,317,827	\$ 2,377,893	\$ 2,348,832	\$ 456,682
Public safety	2,532,861	2,491,318	2,596,930	2,691,727
Transportation	420,503	263,552	528,508	818,913
Environmental protection	275,980	299,568	271,952	281,999
Economic and physical development	288,830	286,299	174,871	-
Culture and recreation	288,793	238,884	263,686	290,283
Interest and fees	5,413	11,316	14,885	37,190
Total governmental activities expenses	6,130,207	5,968,830	6,199,664	4,576,794
Business-type activities:				
Water and sewer	5,276,858	5,532,373	6,693,263	5,603,706
Total business-type activities expenses	5,276,858	5,532,373	6,693,263	5,603,706
Total primary government expenses	<u>\$ 11,407,065</u>	<u>\$ 11,501,203</u>	<u>\$ 12,892,927</u>	<u>\$ 10,180,500</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 60,294	\$ 45,420	\$ 30,787	\$ 57,519
Public safety	18,593	4,783	8,919	9,102
Environmental protection	117,136	114,913	88,511	117,621
Culture and recreation	17,116	12,504	10,365	7,884
Operating grants and contributions	896,922	623,382	510,626	139,641
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	1,110,061	801,002	649,208	331,767
Business-type activities:				
Charges for services:				
Water and sewer	6,676,644	6,594,736	6,957,016	7,149,106
Capital grants and contributions	-	-	94,340	631,672
Total business-type activities program revenues	6,676,644	6,594,736	7,051,356	7,780,778
Total primary government program revenues	<u>\$ 7,786,705</u>	<u>\$ 7,395,738</u>	<u>\$ 7,700,564</u>	<u>\$ 8,112,545</u>
Net (Expense) Revenue				
Governmental activities	\$ (5,020,146)	\$ (5,167,828)	\$ (5,550,456)	\$ (4,245,027)
Business-type activities	1,399,786	1,062,363	358,093	2,177,072
Total primary government net expense	<u>\$ (3,620,360)</u>	<u>\$ (4,105,465)</u>	<u>\$ (5,192,363)</u>	<u>\$ (2,067,955)</u>

Table 2

2019	2020	2021	2022	2023	2024
\$ 3,093,951	\$ 3,102,099	\$ 3,444,940	\$ 3,244,047	\$ 4,153,864	\$ 3,646,174
2,955,150	3,240,287	3,434,137	3,166,291	3,724,403	3,930,009
713,377	480,601	59,737	58,119	62,105	76,473
316,754	277,750	292,956	289,429	286,468	281,517
-	-	-	-	-	-
319,178	353,845	389,637	348,828	249,111	255,266
38,335	31,386	24,146	19,560	16,531	14,216
7,436,745	7,485,968	7,645,553	7,126,274	8,492,482	8,203,655
7,710,087	7,369,323	8,269,797	9,072,877	8,905,007	9,576,317
7,710,087	7,369,323	8,269,797	9,072,877	8,905,007	9,576,317
\$ 15,146,832	\$ 14,855,291	\$ 15,915,350	\$ 16,199,151	\$ 17,397,489	\$ 17,779,972
\$ 45,967	\$ 131,937	\$ 23,205	\$ 125,602	\$ 110,796	\$ 41,813
5,171	3,746	2,918	2,811	3,105	2,920
143,889	144,509	149,832	149,381	154,420	150,010
5,277	3,878	2,879	4,249	4,256	14,670
323,016	532,370	246,241	296,330	1,591,596	249,268
-	-	-	2,160,230	679,172	923,989
523,320	816,440	425,075	2,738,603	2,543,345	1,382,670
7,051,694	8,220,318	8,633,633	8,853,968	9,117,557	9,870,237
1,974,525	225,287	-	992,594	1,859,919	649,769
9,026,219	8,445,605	8,633,633	9,846,562	10,977,476	10,520,006
\$ 9,549,539	\$ 9,262,045	\$ 9,058,708	\$ 12,585,165	\$ 13,520,821	\$ 11,902,676
\$ (6,913,425)	\$ (6,669,528)	\$ (7,220,478)	\$ (4,387,671)	\$ (5,949,137)	\$ (6,820,985)
1,316,132	1,076,282	363,836	773,685	2,072,469	943,689
\$ (5,597,293)	\$ (5,593,246)	\$ (6,856,642)	\$ (3,613,986)	\$ (3,876,668)	\$ (5,877,296)

Town of Wilkesboro, North Carolina

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes	\$ 4,306,726	\$ 4,441,155	\$ 4,953,854	\$ 5,197,372
Unrestricted intergovernmental revenues	-	-	-	-
Unrestricted investment earnings	3,880	9,203	14,861	4,232
Miscellaneous	378,530	275,672	225,600	1,007,619
Gain on sale of capital assets	-	-	-	-
Special Item				
Transfers	-	-	-	-
Prior Period Adjustments (PPA)	-	(216,831)	(1,045,072)	(1,377,696)
Total governmental activities	<u>4,689,136</u>	<u>4,509,199</u>	<u>4,149,243</u>	<u>4,831,527</u>
Business-type activities:				
Unrestricted investment earnings	2,040	2,676	11,749	6,242
Miscellaneous	309,208	246,675	254,840	214,767
Gain on sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Prior Period Adjustments (PPA)	-	-	(757,210)	175,053
Total business-type activities	<u>311,248</u>	<u>249,351</u>	<u>(490,621)</u>	<u>396,062</u>
Total primary government	<u>\$ 5,000,384</u>	<u>\$ 4,758,550</u>	<u>\$ 3,658,622</u>	<u>\$ 5,227,589</u>
Change in Net Position				
Governmental activities	\$ (331,010)	\$ (658,629)	\$ (1,401,213)	\$ 586,500
Business-type activities	<u>1,711,034</u>	<u>1,311,714</u>	<u>(132,528)</u>	<u>2,573,134</u>
Total primary government	<u>\$ 1,380,024</u>	<u>\$ 653,085</u>	<u>\$ (1,533,741)</u>	<u>\$ 3,159,634</u>

Source: Statement of Activities

Table 2

2019	2020	2021	2022	2023	2024
\$ 5,491,446	\$ 5,388,374	\$ 5,678,167	\$ 6,102,460	\$ 6,424,316	\$ 6,457,629
-	-	-	-	-	-
24,668	16,029	229	26,480	30,470	80,257
522,860	753,981	855,348	1,288,616	869,506	739,077
-	-	-	-	67,238	13,875
(567,752)	-	-	-	(265,000)	240,175
-	-	-	-	-	-
5,471,222	6,158,384	6,533,744	7,417,556	7,126,530	7,531,013
118,138	-	-	567	268	-
567,752	151,541	187,246	161,764	232,009	223,276
-	-	-	-	23,610	-
-	-	-	-	265,000	-
-	-	-	-	-	-
685,890	151,541	187,246	162,331	520,887	223,276
<u>\$ 6,157,112</u>	<u>\$ 6,309,925</u>	<u>\$ 6,720,990</u>	<u>\$ 7,579,887</u>	<u>\$ 7,647,417</u>	<u>\$ 7,754,289</u>
\$ (1,442,203)	\$ (511,144)	\$ (686,734)	\$ 3,029,885	\$ 1,177,393	\$ 710,028
2,002,022	1,227,823	551,082	936,016	2,593,356	1,166,965
<u>\$ 559,819</u>	<u>\$ 716,679</u>	<u>\$ (135,652)</u>	<u>\$ 3,965,901</u>	<u>\$ 3,770,749</u>	<u>\$ 1,876,993</u>

Town of Wilkesboro, North Carolina

Fund Balances Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	678,414	689,799	643,991	1,219,764
Assigned	75,000	40,000	107,000	390,000
Unassigned	<u>2,363,651</u>	<u>1,805,898</u>	<u>2,115,988</u>	<u>1,312,320</u>
Total general fund	<u>3,117,065</u>	<u>2,535,697</u>	<u>2,866,979</u>	<u>2,922,084</u>
All Other Governmental Funds:				
Restricted	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u><u>\$ 3,117,065</u></u>	<u><u>\$ 2,535,697</u></u>	<u><u>\$ 2,866,979</u></u>	<u><u>\$ 2,922,084</u></u>

Source: Balance Sheet - Governmental Funds

Table 3

2019	2020	2021	2022	2023	2024
\$ -	\$ -	\$ -	\$ 18,142	\$ 376,482	\$ 376,482
721,258	1,039,147	1,000,004	2,033,575	2,744,295	1,287,421
74,000	149,000	1,068,000	830,000	395,400	-
967,505	1,072,030	144,788	(141,926)	(824,105)	754,392
<u>1,762,763</u>	<u>2,260,177</u>	<u>2,212,792</u>	<u>2,739,791</u>	<u>2,692,072</u>	<u>2,418,295</u>
6,597	6,597	6,597	642,575	348,306	1,444,931
-	-	-	-	(188,935)	-
<u>6,597</u>	<u>6,597</u>	<u>6,597</u>	<u>642,575</u>	<u>159,371</u>	<u>1,444,931</u>
<u>\$ 1,769,360</u>	<u>\$ 2,266,774</u>	<u>\$ 2,219,389</u>	<u>\$ 3,382,366</u>	<u>\$ 2,851,443</u>	<u>\$ 3,863,226</u>

Town of Wilkesboro, North Carolina

Changes in Fund Balances Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	2015	2016	2017	2018
Revenues				
Ad valorem taxes	\$ 2,750,457	\$ 2,779,611	\$ 3,056,116	\$ 3,208,980
Unrestricted intergovernmental	1,438,170	1,490,603	1,612,081	1,727,373
Restricted intergovernmental	1,026,538	775,882	771,886	394,123
Permits and fees	44,417	15,111	8,155	9,177
Sales and services	163,232	157,108	130,427	182,949
Investment earnings	3,880	9,203	14,861	4,232
Miscellaneous	384,020	275,672	225,600	1,007,619
Total revenues	<u>5,810,714</u>	<u>5,503,190</u>	<u>5,819,126</u>	<u>6,534,453</u>
Expenditures				
Current:				
General government	2,164,947	2,245,202	2,559,888	2,407,204
Public safety	2,539,506	2,888,435	2,585,720	2,564,106
Transportation	666,624	484,066	473,383	770,243
Environmental protection	247,199	267,561	232,545	248,988
Economic and physical development	288,830	286,299	174,871	-
Culture and recreation	419,759	274,486	243,380	271,477
Debt service:				
Principal retirement	100,033	152,193	229,905	276,140
Interest and fiscal charges	5,413	11,316	14,885	37,190
Total expenditures	<u>6,432,311</u>	<u>6,609,558</u>	<u>6,514,577</u>	<u>6,575,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(621,597)</u>	<u>(1,106,368)</u>	<u>(695,451)</u>	<u>(40,895)</u>
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Issuance of lease	-	-	-	-
Proceeds from installment notes	165,500	525,000	1,026,733	96,000
Special Item	-	-	-	-
Total other financing sources	<u>165,500</u>	<u>525,000</u>	<u>1,026,733</u>	<u>96,000</u>
Net change in fund balances	<u>\$ (456,097)</u>	<u>\$ (581,368)</u>	<u>\$ 331,282</u>	<u>\$ 55,105</u>
Capital outlay included in functional expenditures above	<u>\$ 608,206</u>	<u>\$ 887,719</u>	<u>\$ 1,098,924</u>	<u>\$ 903,011</u>
Debt service as a percentage of noncapital expenditures	<u>1.81%</u>	<u>2.86%</u>	<u>4.52%</u>	<u>5.52%</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

Table 4

	2019	2020	2021	2022	2023	2024
\$	3,456,048	\$ 3,340,880	\$ 3,551,781	\$ 3,479,382	\$ 3,528,437	\$ 3,537,440
	1,842,698	1,855,617	1,981,736	2,298,214	2,579,504	2,799,623
	608,044	744,035	444,295	2,771,968	2,386,572	1,481,913
	1,440	1,347	1,690	1,385	4,699	1,046
	198,864	282,723	177,144	280,658	267,878	208,367
	24,668	16,029	229	26,480	30,470	80,257
	522,860	753,981	855,348	1,288,616	869,506	739,077
	<u>6,654,622</u>	<u>6,994,612</u>	<u>7,012,223</u>	<u>10,146,703</u>	<u>9,667,066</u>	<u>8,847,723</u>
	2,765,142	2,257,295	2,978,868	3,442,692	3,985,094	3,278,644
	3,083,081	2,976,323	3,132,796	3,173,055	3,725,711	4,029,846
	668,964	426,109	9,017	1,524,252	1,154,085	30,355
	453,032	231,737	242,373	240,444	246,235	266,163
	-	-	-	-	-	-
	309,443	333,079	427,039	456,813	672,494	593,234
	219,488	240,151	244,237	206,803	199,284	183,167
	31,941	32,504	25,278	20,368	17,324	14,940
	<u>7,531,091</u>	<u>6,497,198</u>	<u>7,059,608</u>	<u>9,064,427</u>	<u>10,000,227</u>	<u>8,396,349</u>
	<u>(876,469)</u>	<u>497,414</u>	<u>(47,385)</u>	<u>1,082,276</u>	<u>(333,161)</u>	<u>451,374</u>
	-	-	-	2,500	67,238	13,875
	(567,752)	-	-	-	(1,100,462)	(327,232)
	-	-	-	-	835,462	327,232
	-	-	-	78,201	-	306,359
	284,900	-	-	-	-	-
	-	-	-	-	-	240,175
	<u>(282,852)</u>	<u>-</u>	<u>-</u>	<u>80,701</u>	<u>(197,762)</u>	<u>560,409</u>
\$	<u>(1,159,321)</u>	<u>\$ 497,414</u>	<u>\$ (47,385)</u>	<u>\$ 1,162,977</u>	<u>\$ (530,923)</u>	<u>\$ 1,011,783</u>
\$	<u>684,794</u>	<u>\$ 120,179</u>	<u>\$ 304,890</u>	<u>\$ 2,177,616</u>	<u>\$ 2,323,946</u>	<u>\$ 993,285</u>
	<u>3.67%</u>	<u>4.28%</u>	<u>3.99%</u>	<u>3.30%</u>	<u>2.82%</u>	<u>2.68%</u>

Town of Wilkesboro, North Carolina

Program Revenues by Function/Program Last Ten Fiscal Years (accrual basis of accounting)

Function/program	2015	2016	2017	2018
Governmental activities:				
General government	\$ 60,294	\$ 45,420	\$ 30,787	\$ 57,519
Public safety	510,652	226,495	230,762	30,869
Transportation	116,033	115,371	113,912	117,874
Environmental protection	117,136	114,913	88,511	117,621
Economic and physical development	288,830	286,299	174,871	-
Culture and recreation	17,116	12,504	10,365	7,884
Subtotal governmental activities	<u>1,110,061</u>	<u>801,002</u>	<u>649,208</u>	<u>331,767</u>
Business-type activities:				
Water and sewer	<u>6,676,644</u>	<u>6,594,736</u>	<u>7,051,356</u>	<u>7,780,778</u>
Subtotal business-type activities	<u>6,676,644</u>	<u>6,594,736</u>	<u>7,051,356</u>	<u>7,780,778</u>
Total primary government	<u><u>\$ 7,786,705</u></u>	<u><u>\$ 7,395,738</u></u>	<u><u>\$ 7,700,564</u></u>	<u><u>\$ 8,112,545</u></u>

Source: Various Town of Wilkesboro Departments

Table 5

2019	2020	2021	2022	2023	2024
\$ 45,967	\$ 131,937	\$ 23,205	\$ 125,602	\$ 110,796	\$ 41,813
211,954	422,899	140,601	171,702	1,468,674	113,670
116,233	113,217	108,558	1,937,669	805,199	138,518
143,889	144,509	149,832	149,381	154,420	150,010
-	-	-	-	-	-
5,277	3,878	2,879	354,249	4,256	938,659
523,320	816,440	425,075	2,738,603	2,543,345	1,382,670
9,026,219	8,445,605	8,633,633	9,846,562	10,977,476	10,520,006
9,026,219	8,445,605	8,633,633	9,846,562	10,977,476	10,520,006
\$ 9,549,539	\$ 9,262,045	\$ 9,058,708	\$ 12,585,165	\$ 13,520,821	\$ 11,902,676

Table 6

Town of Wilkesboro, North Carolina

Tax Revenues by Source (1) Governmental Funds Last Ten Fiscal Years (accrual basis of accounting)

Fiscal Year	Ad Valorem Taxes (2)	Motor Vehicle Taxes	Total Property Taxes	Percentage Increase (Decrease)
2015	\$ 2,532,929	\$ 217,528	\$ 2,750,457	0.2%
2016	2,563,612	215,999	2,779,611	1.1%
2017	2,826,122	229,994	3,056,116	9.9%
2018	2,977,093	231,887	3,208,980	5.0%
2019	3,232,933	223,115	3,456,048	7.7%
2020	3,105,813	235,067	3,340,880	-3.3%
2021	3,053,875	254,296	3,308,171	-1.0%
2022	3,206,177	273,205	3,479,382	5.2%
2023	3,219,926	308,511	3,528,437	1.4%
2024	3,221,492	315,949	3,537,441	0.3%

Notes to this table:

(1) - This table presents the Town's most significant source of revenues. All other taxes and revenues are either comparatively insignificant or levied by a governmental entity other than the Town of Wilkesboro.

(2) - Ad valorem taxes include collections from the current year levy and the levies from the preceding nine years. Penalties, interest and other adjustments are also included.

Table 7

Town of Wilkesboro, North Carolina

Assessed Value and Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Real Property (1)	Personal Property (1)	Public Service Companies (1)	Total Assessed Values (2)	Direct Tax Rate (3)	Value as a Percent of Actual Value
2015	\$ 619,914,596	\$ -	\$ -	\$ 619,914,596	\$ 0.4400	100.00%
2016	629,836,655	-	-	629,836,655	0.4400	100.00%
2017	638,496,167	-	-	638,496,167	0.4800	100.00%
2018	672,627,047	-	-	672,627,047	0.4800	100.00%
2019	698,445,658	-	-	698,445,658	0.4800	100.00%
2020	720,090,427	-	-	720,090,427	0.4800	100.00%
2021	694,591,606	-	-	694,591,606	0.4800	100.00%
2022	716,867,874	-	-	716,867,874	0.4800	100.00%
2023	506,337,541	208,736,568	14,839,167	729,913,276	0.4800	100.00%
2024	505,897,184	210,286,151	14,855,904	731,039,239	0.4800	100.00%

Notes to this table:

(1) - The source of this information comes from the Annual County Report of Valuation and Property Tax Levies. Real property values exclude tax-exempt property.

(2) - All properties within town limits are reassessed annually. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

(3) - Tax rates are set by Town Council annually and applied at a rate of \$100 per assessed value.

Table 8

Town of Wilkesboro, North Carolina

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (rate per \$100 of assessed value)

Fiscal Year	Town Tax Rates (1)		Overlapping Tax Rates (2)	
	Basic Rate	Direct Rate	(3) Fire District Rate	County Rate
2015	\$ 0.4400	\$ 0.4400	N/A	\$ 0.6900
2016	0.4400	0.4400	N/A	0.6900
2017	0.4800	0.4800	N/A	0.6700
2018	0.4800	0.4800	N/A	0.6700
2019	0.4800	0.4800	N/A	0.6700
2020	0.4800	0.4800	N/A	0.6700
2021	0.4800	0.4800	N/A	0.6600
2022	0.4800	0.4800	N/A	0.6600
2023	0.4800	0.4800	N/A	0.6600
2024	0.4800	0.4800	N/A	0.6600

Notes to this table:

(1) - Tax rates are set by Town Council annually and applied at a rate of \$100 per assessed value.

(2) - Overlapping rates are those of local and county governments that apply to property owners within town limits. The source of this information comes from Wilkes County's Tax Assessor's Division.

(3) - The Fire District Tax applies to properties outside of the town limits.

Table 9

Town of Wilkesboro, North Carolina

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 2,735,987	\$ 2,685,016	98.14%	\$ 50,417	\$ 2,735,433	99.98%
2016	2,792,090	2,706,219	96.92%	85,070	2,791,289	99.97%
2017	3,059,268	2,966,226	96.96%	90,665	3,056,891	99.92%
2018	3,227,719	3,115,792	96.53%	108,159	3,223,951	99.88%
2019	3,352,195	3,259,638	97.24%	88,334	3,347,972	99.87%
2020	3,457,812	3,415,885	98.79%	37,357	3,453,242	99.87%
2021	3,411,286	3,399,974	99.67%	6,274	3,406,248	99.85%
2022	3,449,760	3,424,581	99.27%	17,681	3,442,262	99.78%
2023	3,505,105	3,480,205	99.29%	12,540	3,492,745	99.65%
2024	3,508,678	3,482,186	99.24%	-	3,482,186	99.24%

Source: Wilkes County Tax Commissioner's Office

Table 10

Town of Wilkesboro, North Carolina

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2024			2015		
	(1) Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	(1) Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Tyson Farms Inc	\$ 76,681,597	1	10%	\$ 60,201,250	1	9.71%
Lowes Home Centers Inc	37,933,710	2	5%	47,295,159	2	7.63%
Wal-Mart	11,712,270	3	2%	11,599,008	3	1.87%
Interflex Group Inc	8,353,490	4	1%	-		0.00%
Wilkesboro Health Investors LLC	7,129,180	5	1%	6,740,000	4	1.09%
TKC CXXXXIV	6,140,430	6	1%	6,020,008	5	0.97%
Bellwether Enterprise	5,655,530	7	1%	-		0.00%
Wilkes Communications	5,076,016	8	1%	-		0.00%
Belk Inc #233	4,776,920	9	1%	3,935,177	7	0.63%
Westwood Hills Nursing and Rehabilitation Center	4,210,860	10	1%	4,020,704	6	0.65%
All other taxpayers	563,369,236		77%	480,103,290		77.45%
Total	<u>\$ 731,039,239</u>		<u>22.94%</u>	<u>\$ 619,914,596</u>		<u>100.00%</u>

Notes to this table:

(1) - The source for the information in this table comes from the Wilkes County Property Assessment Division.

Town of Wilkesboro, North Carolina

Water Sold by Type of Customer In and Out of Town Last Ten Fiscal Years

Type of Customer	2015	2016	2017	2018
Gallons billed:				
In-town residential	70,946,802	73,912,811	80,716,321	89,216,966
Out-of-town residential	2,346,026	2,345,392	2,594,792	2,742,269
In-town commercial	124,455,379	130,654,980	128,495,935	128,076,782
Out-of-town commercial	1,904,597	2,121,752	2,090,117	2,064,124
Industrial	1,831,935,565	1,839,150,940	1,905,372,911	2,029,554,722
Water Associations	556,210,000	521,535,000	552,172,440	574,621,023
Total gallons billed	<u>2,587,798,369</u>	<u>2,569,720,875</u>	<u>2,671,442,516</u>	<u>2,826,275,886</u>
Total water charges (revenue)	<u>\$ 2,831,889</u>	<u>\$ 2,903,158</u>	<u>\$ 2,789,695</u>	<u>\$ 2,862,390</u>
Total average rate per 1,000 gallons	<u>\$ 0.91</u>	<u>\$ 0.89</u>	<u>\$ 0.96</u>	<u>\$ 0.99</u>

Source: Various Town of Wilkesboro Departments

Table 11

2019	2020	2021	2022	2023	2024
92,567,360	95,561,360	97,767,286	104,023,354	109,776,295	115,867,315
2,572,423	2,824,263	2,609,350	2,769,571	2,808,143	2,966,395
129,005,349	130,162,057	124,786,833	147,121,061	159,076,177	154,391,303
2,682,736	2,940,184	1,863,637	1,962,822	2,190,780	906,091
2,020,722,728	2,067,059,498	2,155,206,523	2,027,267,791	1,896,098,217	1,805,574,349
580,597,884	595,041,528	616,854,124	639,636,387	631,874,742	601,064,378
<u>2,828,148,480</u>	<u>2,893,588,890</u>	<u>2,999,087,753</u>	<u>2,922,780,986</u>	<u>2,801,824,354</u>	<u>2,680,769,831</u>
<u>\$ 2,793,064</u>	<u>\$ 3,861,590</u>	<u>\$ 3,539,757</u>	<u>\$ 4,031,745</u>	<u>\$ 3,821,952</u>	<u>\$ 4,196,890</u>
<u>\$ 1.01</u>	<u>\$ 0.75</u>	<u>\$ 0.85</u>	<u>\$ 0.72</u>	<u>\$ 0.73</u>	<u>\$ 0.64</u>

Town of Wilkesboro, North Carolina

Residential Water and Sewer Rates
Last Ten Fiscal Years

Fiscal Year	In-Town Water		In-Town Sewer		Out-of-Town Water		Out-of-Town Sewer	
	Rate per 0-3,000 Gallons	Rate per 1,000 Gallons	Rate per 0-3,000 Gallons	Rate per 1,000 Gallons	Rate per 0-3,000 Gallons	Rate per 1,000 Gallons	Rate per 0-3,000 Gallons	Rate per 1,000 Gallons
2015	6.73	1.98	5.76	3.36	13.46	3.96	11.52	6.73
2016	6.73	1.98	5.76	3.36	13.46	3.96	11.52	6.73
2017	6.73	1.98	5.76	3.36	13.46	3.96	11.52	6.73
2018	6.73	1.98	5.76	3.36	13.46	3.96	11.52	6.73
2019	6.73	1.98	6.05	3.53	13.46	3.96	12.10	7.07
2020	7.23	2.13	6.50	3.80	14.47	4.26	13.01	7.60
2021	7.77	2.29	6.99	4.09	15.54	4.58	13.98	8.18
2022	8.35	2.46	7.51	4.40	16.71	4.92	15.03	8.79
2023	8.98	2.64	8.07	4.73	17.96	5.28	16.14	9.46
2024	9.88	2.90	8.88	5.20	19.76	5.81	17.75	10.41

Notes to this table:

Rate changes are effective with October 1 water usage unless otherwise stated.

Source: Various Town of Wilkesboro Departments

Town of Wilkesboro, North Carolina

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	(1) Debt Per Capita
	Direct Placement Installment Purchases	Lease Payable	Premium on Bonds	Lease Payable	Direct Placement Installment Purchases		
2015	\$ 299,942	\$ -	\$ -	\$ -	\$ 5,685,644	\$ 5,985,586	\$ 1,687
2016	672,749	-	-	-	5,269,423	5,942,172	1,673
2017	1,469,577	-	-	-	5,067,079	6,536,656	1,874
2018	1,193,437	-	-	-	8,800,151	9,993,588	2,851
2019	1,290,233	-	-	-	8,192,594	9,482,827	2,713
2020	1,082,078	-	-	-	8,192,594	9,274,672	2,683
2021	870,461	-	-	-	6,515,369	7,385,830	2,064
2022	683,610	58,249	-	15,149	5,674,785	6,431,793	1,751
2023	503,524	39,051	-	10,748	4,827,961	5,381,284	1,460
2024	349,968	315,799	-	5,799	3,993,464	4,665,030	1,265

Source: Various Town of Wilkesboro Departments

Table 14

Town of Wilkesboro, North Carolina

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		(1) Percentage of Actual Taxable Value of Property	(2) Per Capita Personal Income
	General Obligation Bonds	Total		
2015	\$ -	\$ -	100.00%	\$ 36,587
2016	-	-	100.00%	36,556
2017	-	-	100.00%	37,130
2018	-	-	100.00%	36,556
2019	-	-	100.00%	36,556
2020	-	-	100.00%	36,556
2021	-	-	100.00%	36,556
2022	-	-	100.00%	36,556
2023	-	-	100.00%	36,556
2024	-	-	100.00%	-

Notes to this table:

(1) - See Table 7 for property value data.

(2) - See Table 17 for population data.

Town of Wilkesboro, North Carolina

Direct and Overlapping Governmental Activities Debt June 30, 2024

Governmental Unit	General Obligation Debt Outstanding	Estimated Applicable Percentage	Town's Estimated Share of Overlapping Debt
Overlapping (1):			
Wilkes County (2)	\$ -	0.00%	\$ -
Direct:			
Town of Wilkesboro	\$ -	100.00%	-
Total direct and overlapping debt			<u>\$ -</u>

Notes to this table:

(1) - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This table estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

(2) - The source of this information comes from Wilkes County's most recently available Annual Financial Report. The County's financial data is from the previous year.

Town of Wilkesboro, North Carolina

Legal Debt Margin Information Last Ten Fiscal Years

	2015	2016	2017	2018
Assessed property value	<u>\$ 619,914,596</u>	<u>\$ 629,836,655</u>	<u>\$ 638,496,167</u>	<u>\$ 672,627,047</u>
Debt limit (1)	\$ 49,593,168	\$ 50,386,932	\$ 51,079,693	\$ 53,810,164
Amount of debt applicable to limit:				
Gross debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 49,593,168</u>	<u>\$ 50,386,932</u>	<u>\$ 51,079,693</u>	<u>\$ 53,810,164</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Notes to this table:

(1) - North Carolina Statute 159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the debt limit; money held for payment of principal, debt incurred for water, sewer, gas or electric power purposes; uncollected special assessments, funding and refunding bonds yet to be issued; and revenue bonds. The debt limit and the Town's net debt outstanding applicable to the limit represents the Town's legal borrowing authority.

Table 16

2019	2020	2021	2022	2023	2024
<u>\$ 698,445,658</u>	<u>\$ 720,090,427</u>	<u>\$ 694,591,606</u>	<u>\$ 716,867,874</u>	<u>\$ 729,913,276</u>	<u>\$ 731,039,239</u>
\$ 55,875,653	\$ 57,607,234	\$ 55,567,328	\$ 57,349,430	\$ 58,393,062	\$ 58,483,139
-	-	-	-	-	-
<u>\$ 55,875,653</u>	<u>\$ 57,607,234</u>	<u>\$ 55,567,328</u>	<u>\$ 57,349,430</u>	<u>\$ 58,393,062</u>	<u>\$ 58,483,139</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Table 17

Town of Wilkesboro, North Carolina

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2015	3,548	\$ 129,700,688	\$ 36,587	41.50	-	6.1%
2016	3,552	129,846,912	36,556	40.70	-	5.1%
2017	3,488	127,507,328	37,130	43.40	-	4.5%
2018	3,505	128,128,780	36,556	43.50	-	4.2%
2019	3,495	127,763,220	36,556	39.50	8,972	4.3%
2020	3,457	126,374,092	36,556	41.00	9,010	8.9%
2021	3,578	130,797,368	36,556	43.00	9,508	5.6%
2022	3,674	134,306,744	36,556	40.00	8,323	4.2%
2023	3,687	134,781,972	36,556	40.00	8,345	4.0%
2024	3,687	-	-	40.00	-	4.5%

Note: Personal income data for 2024 unavailable.

Notes to this table:

Sources: Population information is provided by NC OSBM. Median age information provided by the State Library of North Carolina. Personal income information provided by the Wilkes County Economic Development Office. Unemployment data provided by the Employment Security Commission. School enrollment data provided by the Wilkes County Board of Education.

Note: Personal income, per capita personal income, median age, and unemployment are not available at the town level and is reported at the county level. Unemployment is reported for the month of June of each year.

Note: Population information is based on 2021 Certified Population Estimates as of July 1st, 2021. Median age, and education level is based on annual surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Table 18

Town of Wilkesboro, North Carolina

Principal Employers Current Year and Nine Years Ago

Employer	2024			2015		
	(1) Employees	Rank	Percentage of Total Town Population	(1) Employees	Rank	Percentage of Total Town Population
Tyson Farms Inc	1,000	1	27%	1,000	1	28.18%
Wilkes County Board of Education	1,000	2	27%	1,000	3	28.18%
WFU Baptist Medical Center	500	3	14%	500	4	14.09%
Wilkes County	500	4	14%	500	5	14.09%
Wilkes Community College	250	5	7%	250	6	7.05%
Samaritans Purse	250	6	7%	-		0.00%
Lowes Home Centers Inc	250	7	7%	1,000	8	28.18%
Wal-Mart Associates Inc	250	8	7%	250	9	7.05%
Tyson Poultry Inc	250	9	7%	250	10	7.05%
ECMD Inc	250	10	7%	-		0.00%
Lowe's Companies Inc	-			1,000	2	28.18%
Louisiana Pacific Corp	-			250	7	7.05%
All other employers	(813)		-22%	(2,452)		-69.11%
Total	3,687		100.00%	3,548		100.00%

Notes to this table:

(1) - The source for the information in this table comes from the Town Economic Development Division and Employment Security Commission.

Town of Wilkesboro, North Carolina

Full-time Equivalent Town Government Employees by Function/Program Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019
General government:					
Administration	-	-	-	5.0	5.0
IT	-	-	-	-	1.0
Planning	-	-	-	2.0	3.0
Parks	-	-	-	4.0	4.0
Fire	-	-	-	5.0	5.0
Police:					
Officers	-	-	-	24.0	24.0
Civilians	-	-	-	2.0	2.0
Public works:					
Streets	-	-	-	4.0	-
Sanitation	-	-	-	3.0	3.0
Buildings	-	-	-	4.0	7.0
Garage	-	-	-	-	3.0
Utilities:					
Billing and collection	-	-	-	2.0	2.0
Water	-	-	-	8.0	8.0
Sewer	-	-	-	8.0	11.0
Construction	-	-	-	14.0	13.0
Total	-	-	-	85.0	91.0

Notes to this table:

(1) - The source for the information in this table comes from the Town's Finance Office. Positions reported at June 30th are positions filled.

(2) - Departmental information unavailable prior to 2018.

Table 19

2020	2021	2022	2023	2024
5.0	5.0	6.0	6.0	6.0
1.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	2.0	2.0
4.0	4.0	4.0	3.0	4.0
5.0	5.0	5.0	6.0	6.0
24.0	22.0	21.0	21.0	21.0
2.0	2.0	2.0	2.0	2.0
-	-	-	-	-
3.0	3.0	3.0	4.0	3.0
7.0	7.0	7.0	7.0	7.0
3.0	2.0	3.0	4.0	2.0
2.0	2.0	2.0	2.0	2.0
8.0	8.0	9.0	9.0	9.0
11.0	11.0	11.0	14.0	12.0
13.0	13.0	14.0	13.0	13.0
91.0	88.0	91.0	94.0	90.0

Town of Wilkesboro, North Carolina

Operating Indicators by Function/Program (1) Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019
Police:					
Physical arrests	441	397	367	343	342
Calls for service	8,911	8,996	10,483	11,299	11,269
Traffic citations	1,549	1,782	1,939	2,055	2,225
Number of policeman positions	23	23	23	23	23
Fire:					
Number of stations	1	1	1	1	1
Emergency responses (EMS and fire)	-	-	-	-	854
Number of paid firemen	5	5	5	5	5
Number of volunteers	-	-	-	-	43
Inspections (2)	-	-	-	-	316
Other public works:					
Street resurfacing (miles)	-	1	0	3	1
Parks and recreation:					
Number of parks	4	4	4	5	5
Water:					
New connections	5	5	12	9	9
Average daily consumption (millions of gallons per day)	4	4	4	5	5
Peak daily consumption (millions of gallons)	6	6	6	6	6
Sewer:					
Average daily sewage treatment (millions of gallons)	4	4	4	4	4

Notes to this table:

(1) - The source for the information in this table comes from the Town's various departments.

Table 20

2020	2021	2022	2023	2024
309	293	218	235	187
9,634	10,427	11,480	11,592	-
1,349	1,067	998	994	957
23	23	23	23	25
1	1	1	1	1
569	927	1,032	1,041	903
5	5	5	6	6
33	33	33	34	32
384	689	449	334	266
1	1	2	-	1
5	5	5	5	5
7	10	20	10	8
5	5	4	4	4
6	6	6	6	6
5	4	4	4	4

Town of Wilkesboro, North Carolina

Capital Asset Statistics by Function/Program (1) Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019
Police:					
Stations	1	1	1	1	1
Patrol units	12	12	14	14	14
Fire stations:	1	1	1	1	1
Refuse collection:					
Collection trucks	1	1	1	1	1
Other public works:					
Streets (miles) - paved	27.65	27.65	27.35	27.44	27.44
Parks and recreation:					
Acreage	-	-	-	156	156
Water:					
Water mains (miles)	68	68	68	68	68
Fire hydrants	-	-	-	-	-
Storage capacity (thousands of gallons)	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Wastewater:					
Sanitary sewers (miles)	58.3461	58.6771	59.2261	59.2261	59.4321
Treatment capacity (millions of gallons)	4.9	4.9	4.9	4.9	4.9

Notes to this table:

- (1) - The source for the information in this table comes from the Town's various departments.
There are no capital asset indicators available for the general government function.

Table 21

2020	2021	2022	2023	2024
1	1	1	1	1
14	14	15	15	16
1	1	1	1	1
1	1	1	1	1
27.26	27.62	27.73	27.73	27.73
156	156	197	197	197
71	71	71	71	71
-	-	-	456	456
4,900,000	4,900,000	4,900,000	4,900,000	4,900,000
59.6541	59.8231	61.0421	64.538	64.583
4.9	4.9	4.9	4.9	4.9

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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

**Honorable Mayor and Members
of Town Council
Town of Wilkesboro, North Carolina**

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the **Town of Wilkesboro, North Carolina** (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 20, 2024. Our report includes a reference to other auditors who audited the financial statements of the Wilkesboro ABC Board, as described in our report on the Town of Wilkesboro's financial statements. The financial statements of the Wilkesboro ABC Board were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the ABC Board or that are reported on separately by those auditors who audited the financial statements of the ABC Board.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

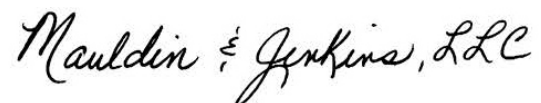
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
November 20, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS
OF THE UNIFORM GUIDANCE AND THE STATE
SINGLE AUDIT IMPLEMENTATION ACT**

**Honorable Mayor and Members
of Town Council
Town of Wilkesboro, North Carolina**

Opinion on Each Major State Program

We have audited the Town of Wilkesboro, North Carolina's (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2024. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Wilkesboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our ethical and other responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Wilkesboro State programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 20, 2024

TOWN OF WILKESBORO, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Awarding Agency	AL Number	Pass-through Number	Federal	State
FEDERAL AWARDS				
<u>U.S. Department of Homeland Security</u>				
Direct Program:				
Federal Emergency Management Agency:				
FY 2022 Assistance to Firefighters	97.044	EMW-2022-FG-03596	\$ 21,769	\$ -
Passed through N.C. Department of Emergency Management:				
Disaster Grants - Public Assistance	97.036		174,555	-
Total U.S. Department of Homeland Security			196,324	-
<u>U.S. Department of Justice</u>				
Community Oriented Policing Services (COPS)				
FY 23 COPS Hiring Program	16.710	15JCOPS-23-GG-04962-UHPX	51,500	-
Passed through N.C. Department of Public Safety:				
Governor's Crime Commission				
Bulletproof Vest Partnership Program	16.607		1,089	-
2019 Violence Against Women	16.588	OVW FY2019 STOP FORMULA GRANT	20,316	-
Total U.S. Department of Justice			72,905	-
<u>Bureau of Justice Assistance</u>				
Passed through N.C. Department of Public Safety:				
Governor's Crime Commission				
Byrne-Jag Award (viper radios)	16.738	15PBJA-23-GG-03000-JAGX	26,578	-
Total Bureau of Justice Assistance			26,578	-
<u>U.S. Department of Transportation Federal Highway Administration:</u>				
Passed through N.C. Department of Natural and Cultural Resources:				
Recreation Trails Program	20.219	RTP2022-1824	15,000	-
Total U.S. Department of Transportation FHA			15,000	-
<u>National Highway Traffic Safety Administration</u>				
Passed through N.C. DOT/Governor's Highway Safety:				
Traffic Enforcement Overtime	20.616	2000070617	9,597	-
Total Highway Traffic Safety Administration			9,597	-
TOTAL FEDERAL AWARDS			320,404	-
STATE AWARDS				
<u>N.C. Department of Transportation:</u>				
Passed through N.C. Department of Public Safety:				
Powell Bill	N/A	DOT-4 32570	-	138,518
Total N.C. Department of Transportation:			-	138,518
<u>N.C. Department of Environmental Quality:</u>				
Division of Water Infrastructure:				
State Reserve Program				
Cub Creek WWTP Expansion	N/A	CS370829-02/ SRP-W-0208	-	1,242,694
Division of Water Resources:				
Water Resource Development Grant Program:				
Cub Creek Headwater Project	N/A	7963	-	200,000
Total N.C. Department of Environmental Quality			-	1,442,694
<u>N.C. Office of State Budget and Management:</u>				
State Capital and Infrastructure Fund:				
Restrooms	N/A	11772	-	31,211
Total N.C. Office of State Budget and Management			-	31,211
TOTAL STATE AWARDS			-	1,612,423
TOTAL FEDERAL AND STATE AWARDS			\$ 320,404	\$ 1,612,423

TOWN OF WILKESBORO, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "SEFSA") includes the federal and state award activity of the Town of Wilkesboro, North Carolina (the "Town") under programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Town did not utilize the 10% de Minimis indirect cost rate.

TOWN OF WILKESBORO, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes X no

Significant deficiency(ies) identified? ____ yes X none reported

Noncompliance material to financial statements noted? ____ yes X no

Federal Awards

There was not an audit of major federal award programs as the Town's expenditures of Federal awards did not meet the \$750,000 threshold for the fiscal year ended June 30, 2024.

State Awards

Internal control over major state programs:

Material weaknesses identified? ____ yes X no

Significant deficiencies identified? ____ yes X none reported

Type of auditor's report issued on compliance of major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

____ yes X no

Identification of major state program:

Program Name _____

State Revolving Loan and Grant Program

TOWN OF WILKESBORO, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION II

FINANCIAL STATEMENT FINDINGS AND RESPONSES

Non reported.

SECTION III

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV

STATE AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

TOWN OF WILKESBORO, NORTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

2023-001. Reporting of Capital Assets and Related Balances

Criteria: Internal controls should be in place to ensure that the Town's capital assets and related accounts are properly reported in accordance with generally accepted accounting principles.

Condition: During our audit procedures, material misstatements were noted in the Town's capital asset balances and related accounts which required audit adjustments.

Status: Resolved

2023-002. Accounting for Cash Transactions and Reconciliation of Bank Accounts

Criteria: Internal controls should be in place to ensure that all bank accounts belonging to the Town are identified and recorded for financial reporting.

Condition: During our audit procedures, we noted one bank account with a material balance in the name of the Town that had not been recorded by the Town.

Status: Resolved