

Town of Godwin
Godwin, North Carolina
Financial Statements
June 30, 2019

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Financial Statements
June 30, 2019

Mayor

Willie Junius Burnette

Mayor Pro-tem

Donald McIntyre

Town Council

Ronald McNeill

Joseph Smith

George Cooper, Jr.

Town Clerk

Jacqueline Cooper-Kelley

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FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Godwin, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Godwin, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a required 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Godwin, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 19, 2019

Management Discussion and Analysis
Town of Godwin

As management of the Town of Godwin, we offer readers of the Town of Godwin’s financial statements this narrative overview and analysis of the financial activities of the Town of Godwin for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town’s financial statements, which follow this narrative.

Financial Highlights

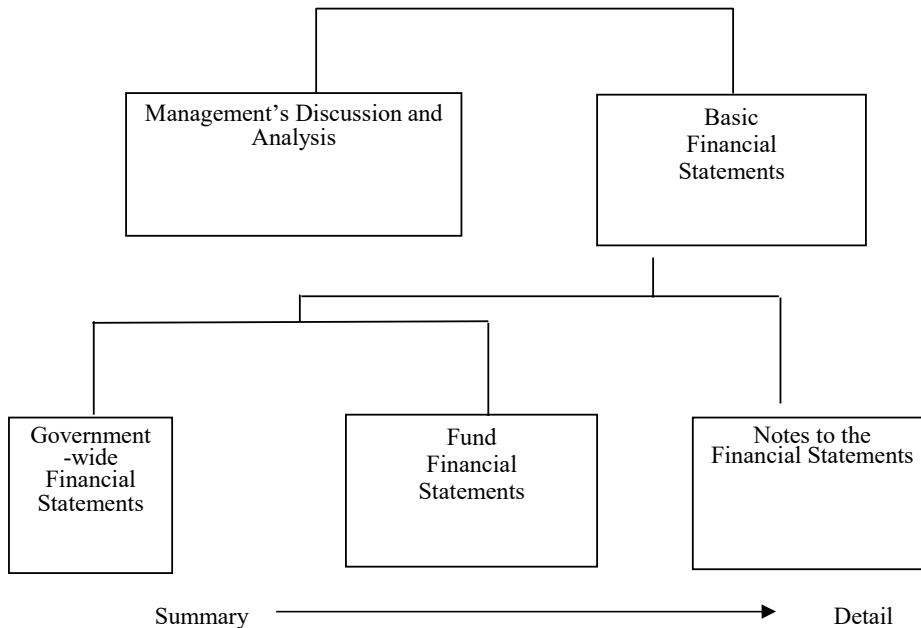
- The assets and deferred outflows of resources of the Town of Godwin exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,027,376 (net position).
- The government’s total net position decreased by \$1,777, due to an increase in net position of the governmental activities of \$2,774 and a decrease of business-type activities in the amount of \$ 4,551 respectively.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$142,231, with a net change of \$18,515 in fund balance. Approximately 74.28% percent of this total amount, or \$105,654, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$36,577 or 68.29% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Godwin’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 shown above). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the Town of Godwin.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town of Godwin.

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

Fund Financial Statements

The fund financial statements (see Figure1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Godwin, like all other governmental entities, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Godwin 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 of Godwin adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the Management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town of Godwin has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Godwin uses an enterprise fund to account for its water operations. These funds are the same as those separate activities 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 start after Exhibit 9.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found beginning at the schedules following directly after the notes.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Godwin's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 144,767	\$ 126,990	\$ 17,965	\$ 17,189	\$ 162,732	\$ 144,179
Capital assets	725,375	741,576	154,654	155,078	880,029	896,654
Total assets	<u>\$ 870,142</u>	<u>\$ 868,566</u>	<u>\$ 172,619</u>	<u>\$ 172,267</u>	<u>\$ 1,042,761</u>	<u>\$ 1,040,833</u>
Long-term liabilities outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	2,046	3,244	13,339	8,436	15,385	11,680
Total liabilities	<u>\$ 2,046</u>	<u>\$ 3,244</u>	<u>\$ 13,339</u>	<u>\$ 8,436</u>	<u>\$ 15,385</u>	<u>\$ 11,680</u>
Net Position:						
Net investment in capital assets	\$ 725,375	\$ 741,576	\$ 154,654	\$ 155,078	\$ 880,029	\$ 896,654
Restricted	105,654	95,260	-	-	105,654	95,260
Unrestricted	37,067	28,486	4,626	8,753	41,693	37,239
Total net position	<u>\$ 868,096</u>	<u>\$ 865,322</u>	<u>\$ 159,280</u>	<u>\$ 163,831</u>	<u>\$ 1,027,376</u>	<u>\$ 1,029,153</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Godwin exceeded liabilities and deferred inflows by \$1,027,376 as of June 30, 2019. The Town's net position decreased \$1,777 for the fiscal year ended June 30, 2019. However, the largest portion (85.61%), reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Godwin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Godwin's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Godwin's net position, \$105,654, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$41,693 is unrestricted.

The following particular aspect of the Town of Godwin's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.83%.

Town of Godwin Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 81,761	\$ 88,800	\$ 81,761	\$ 88,800
Operating grants and contributions	4,180	4,376	-	-	4,180	4,376
Capital grants and contributions	-	282,146	-	-	-	282,146
General revenues:						
Property taxes	21,236	20,136	-	-	21,236	20,136
Other taxes	487	514	-	-	487	514
Grants and contributions not restricted to specific programs	39,029	35,785	-	-	39,029	35,785
Miscellaneous	7,608	10,640	-	-	7,608	10,640
	<u>72,540</u>	<u>353,597</u>	<u>81,761</u>	<u>88,800</u>	<u>154,301</u>	<u>442,397</u>
Expenses:						
General government	42,199	51,645	-	-	42,199	51,645
Public safety	9,090	8,917	-	-	9,090	8,917
Transportation	6,624	5,791	-	-	6,624	5,791
Cultural and recreational	11,853	15,079	-	-	11,853	15,079
Water	-	-	86,312	87,768	86,312	87,768
	<u>69,766</u>	<u>81,432</u>	<u>86,312</u>	<u>87,768</u>	<u>156,078</u>	<u>169,200</u>
Increase(decrease) in net position before transfers and special items	2,774	272,165	(4,551)	1,032	(1,777)	273,197
Transfers and special items	-	-	-	-	-	-
Increase (Decrease) in net position	<u>2,774</u>	<u>272,165</u>	<u>(4,551)</u>	<u>1,032</u>	<u>(1,777)</u>	<u>273,197</u>
Net position, July 1	865,322	593,157	163,831	162,799	1,029,153	755,956
Net position, June 30	<u>\$ 868,096</u>	<u>\$ 865,322</u>	<u>\$ 159,280</u>	<u>\$ 163,831</u>	<u>\$ 1,027,376</u>	<u>\$ 1,029,153</u>

Governmental activities. Governmental activities increased the Town's net position by \$2,774.

Business-type activities. Business-type activities decreased the Town's net position by \$4,551.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Godwin's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Godwin's financing requirements.

The general fund is the chief operating fund of the Town of Godwin. At the end of the current fiscal year, Town of Godwin's fund balance available in the General Fund was \$57,024 while total fund balance reached \$142,231. The Town currently has an available fund balance of 106.46% of general fund expenditures, while total fund balance represents 265.53% of the same amount.

At June 30, 2019, the governmental funds of Town of Godwin reported a fund balance of \$142,231, as compared to the fund balance of \$123,716 at June 30, 2018. The \$18,515 change in fund balance for the fiscal year ended June 30, 2019 represents a 14.97% increase from the prior year balance.

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

Proprietary Fund. The Town of Godwin's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$4,626. The total change in net position in the water fund was (\$4,551). The change in net position in the Water fund is a result of a decrease in water revenues in the current year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Godwin's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Godwin's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$880,029 (net of accumulated depreciation). These assets include land, buildings, equipment, plant and distribution systems, and construction in progress. Major capital asset transactions during the year included construction in progress for water systems of \$4,950.

**Town of Godwin's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 139,663	\$ 139,663	\$ -	\$ -	\$ 139,663	\$ 139,663
Buildings	416,386	428,240	-	-	416,386	428,240
Improvements	162,731	166,472	-	-	162,731	166,472
Furniture, fixtures and equipment	6,595	7,201	-	-	6,595	7,201
Distribution systems	-	-	129,004	134,378	129,004	134,378
Construction in progress	-	-	25,650	20,700	25,650	20,700
Total	<u>\$ 725,375</u>	<u>\$ 741,576</u>	<u>\$ 154,654</u>	<u>\$ 155,078</u>	<u>\$ 880,029</u>	<u>\$ 896,654</u>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long-term Debt. The Town of Godwin has satisfied all long-term debt as of the end of the current fiscal year. North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$693,118.

Economic Factors and Next Year's Budgets and Rates

Major changes for the economic outlook for the Town of Godwin are not anticipated.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The Town's property tax rate will remain twenty-four (\$.24) cents per one hundred dollars (\$100) valuation of property.

There are no significant changes in the budgeted expenditures for the General Fund for the upcoming fiscal year.

Business-type Activities: There are no significant budget changes for the expenditures of the business-type activities anticipated for the 2019-2020 fiscal year. Revenues are planned to increase in the next budget year, mostly due to sewer debt service. Water rates will remain \$36.00 per 1,000 gallons on a 3/4-inch tap and \$2.00 per 500 gallons thereafter. Water rates on a 1-inch or larger tap will remain \$36.00 per 1,000 gallons and \$2.50 per 500 gallons thereafter. The Town will use these revenues to finance programs currently in place.

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 Finance Officer/Town Clerk, Town of Godwin, Post Office Box 10, Godwin, North Carolina 28344. One can also call (910) 980-1000 or send an email to tog@ncrrbiz.com for more information.

BASIC FINANCIAL STATEMENTS

Town of Godwin
Statement of Net Position
June 30, 2019

	Primary government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 38,623	\$ 89,036	\$ 127,659
Taxes receivables (net)	490	-	490
Accounts receivable (net)	-	3,369	3,369
Due from other governments	4,967	-	4,967
Internal Balances	80,240	(80,240)	-
Restricted cash and cash equivalents	20,447	5,800	26,247
Prepaid expenses	-	-	-
Total current assets	<u>144,767</u>	<u>17,965</u>	<u>162,732</u>
Capital assets:			
Land, non-depreciable improvements, and construction in progress	139,663	25,650	165,313
Other capital assets, net of depreciation	585,712	129,004	714,716
Total capital assets	<u>725,375</u>	<u>154,654</u>	<u>880,029</u>
Total assets	<u>\$ 870,142</u>	<u>\$ 172,619</u>	<u>\$ 1,042,761</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,046	\$ 7,539	\$ 9,585
Customer deposits	-	5,800	5,800
Total current liabilities	<u>2,046</u>	<u>13,339</u>	<u>15,385</u>
Long-term liabilities:			
Due in more than one year	-	-	-
Total liabilities	<u>2,046</u>	<u>13,339</u>	<u>15,385</u>
NET POSITION			
Net investment in capital assets	725,375	154,654	880,029
Restricted for:			
Stabilization by State Statute	85,207	-	85,207
Streets	20,447	-	20,447
Unrestricted	37,067	4,626	41,693
Total net position	<u>\$ 868,096</u>	<u>\$ 159,280</u>	<u>\$ 1,027,376</u>

Town of Godwin
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 42,199	\$ -	\$ -	\$ -	\$ (42,199)	\$ -	\$ (42,199)
Public Safety	9,090	-	-	-	(9,090)	-	(9,090)
Transportation	6,624	-	4,180	-	(2,444)	-	(2,444)
Cultural and recreational	11,853	-	-	-	(11,853)	-	(11,853)
Total governmental activities	69,766	-	4,180	-	(65,586)	-	(65,586)
Business-type activities:							
Water	86,312	81,761	-	-	-	(4,551)	(4,551)
Total business-type activities	86,312	81,761	-	-	-	(4,551)	(4,551)
Total primary government	\$ 156,078	\$ 81,761	\$ 4,180	\$ -	\$ (65,586)	\$ (4,551)	\$ (70,137)
General revenues:							
Taxes							
Property taxes, levied for general purpose					21,236	-	21,236
Other taxes					487	-	487
Unrestricted intergovernmental					39,029	-	39,029
Rental income					5,190	-	5,190
Miscellaneous					2,418	-	2,418
Transfers							
Total general revenues and transfers					68,360	-	68,360
Change in net position					2,774	(4,551)	(1,777)
Net position - beginning					865,322	163,831	1,029,153
Net position - ending					\$ 868,096	\$ 159,280	\$ 1,027,376

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

**Town of Godwin
Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds		Total Governmental Funds
	General		
ASSETS			
Cash and cash equivalents	\$ 38,623	\$	38,623
Receivables, net:			
Taxes	490		490
Due from other funds	80,240		80,240
Due from other governments	4,967		4,967
Restricted Cash	20,447		20,447
Prepaid Expenses	-		-
Total assets	144,767		144,767
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	2,046		2,046
Total liabilities	2,046		2,046
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	490		490
Total deferred inflows of resources	490		490
Fund balances:			
Nonspendable			
Prepaid Expense	-		-
Restricted			
Stabilization by State Statute	85,207		85,207
Streets	20,447		20,447
Unassigned	36,577		36,577
Total fund balances	142,231		142,231
Total liabilities, deferred inflows of resources and fund balances	\$ 144,767		

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance governmental fund		142,231
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.		725,375
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		490
Net position of governmental activities	\$	868,096

Town of Godwin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds		Total Governmental Funds
	General Fund		
REVENUES			
Ad valorem taxes	\$ 20,776	\$	20,776
Other taxes and licenses	487		487
Unrestricted intergovernmental	39,029		39,029
Restricted intergovernmental	4,180		4,180
Miscellaneous	2,418		2,418
Rental income	5,190		5,190
Total revenues	<u>72,080</u>		<u>72,080</u>
EXPENDITURES			
Current:			
General government	37,851		37,851
Public Safety	9,090		9,090
Transportation	6,624		6,624
Total expenditures	<u>53,565</u>		<u>53,565</u>
Excess (deficiency) of revenues over expenditures	<u>18,515</u>		<u>18,515</u>
Net change in fund balances	18,515		18,515
Fund balances - beginning	<u>123,716</u>		<u>123,716</u>
Fund balances - ending	<u>\$ 142,231</u>	\$	<u>142,231</u>

Town of Godwin
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, 2019

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

Net changes in fund balances -- total governmental funds	\$	18,515
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		(16,201)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		460
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		-
		<hr style="border: 1px solid black;"/>
Total changes in net position of governmental activities	\$	<u><u>2,774</u></u>

Town of Godwin
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual
For the Year Ended June 30, 2019

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget -- Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 21,085	\$ 23,360	\$ 20,776	\$ (2,584)
Other taxes and licenses	520	520	487	(33)
Unrestricted intergovernmental	36,095	36,095	39,029	2,934
Restricted intergovernmental	4,376	4,376	4,180	(196)
Miscellaneous	2,500	2,500	2,418	(82)
Rental income	1,800	1,800	5,190	3,390
Total revenues	66,376	68,651	72,080	3,429
Expenditures:				
Current:				
General government	42,810	40,525	37,851	2,674
Public safety	8,950	8,950	9,090	(140)
Transportation	7,200	5,700	6,624	(924)
Total expenditures	58,960	55,175	53,565	1,610
Revenues over (under) expenditures	7,416	13,476	18,515	5,039
Other financial sources (uses):				
Fund balance appropriated Powell Bill	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ 7,416	\$ 13,476	18,515	\$ 5,039
Fund balance - beginning			123,716	
Fund balance - ending			\$ 142,231	

Exhibit 7

**Town of Godwin
Statement of Fund Net Position
Proprietary Funds
June 30, 2019**

		Major Enterprise Fund <hr/> Water Fund <hr/>
ASSETS		
Current assets:		
Cash and cash equivalents	\$	89,036
Accounts receivable (net)		3,369
Restricted cash		5,800
Total current assets		<hr/> 98,205 <hr/>
Capital assets:		
Construction in progress		25,650
Other capital assets, net of depreciation		129,004
Capital assets (net)		<hr/> 154,654 <hr/>
Total noncurrent assets		<hr/> 154,654 <hr/>
Total assets		<hr/> <hr/> 252,859 <hr/> <hr/>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities		7,539
Due to other funds		80,240
Customer deposits		5,800
Total current liabilities		<hr/> 93,579 <hr/>
Noncurrent liabilities:		
Other noncurrent liabilities		<hr/> - <hr/>
Total noncurrent liabilities		<hr/> - <hr/>
Total liabilities		<hr/> 93,579 <hr/>
NET POSITION		
Net investment in capital assets		154,654
Unrestricted		4,626
Total net position	\$	<hr/> 159,280 <hr/> <hr/>

Exhibit 8

**Town of Godwin
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019**

		Major Enterprise Fund
		<u>Water Fund</u>
OPERATING REVENUES		
Charges for services	\$	81,761
Total operating revenues		<u>81,761</u>
OPERATING EXPENSES		
Administration		29,164
Water treatment and distribution		21,309
Sewer service		30,464
Depreciation		5,375
Total operating expenses		<u>86,312</u>
Operating income (loss)		<u>(4,551)</u>
Income (loss) before contributions and transfers		(4,551)
Transfers to (from) other funds		<u>-</u>
Total income (loss) after contributions and transfers		<u>(4,551)</u>
Change in net position		(4,551)
Total net position, beginning		<u>163,831</u>
Total net position, ending	\$	<u><u>159,280</u></u>

**Town of Godwin
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019**

	Major Enterprise Fund <u>Water</u> Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 87,181
Customer deposits received	1,350
Cash paid for goods and services	(53,802)
Cash paid to or on behalf of employees for services	(23,582)
Net cash provided by operating activities	<u>11,147</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to (from) other funds	4,140
Transfers to other funds	-
Net cash provided (used) by noncapital financing activities	<u>4,140</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(4,950)
Net cash provided (used) by capital and related financing activities	<u>(4,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	-
Net increase (decrease) in cash and cash equivalents	10,337
Balances, beginning	<u>84,499</u>
Balances, ending	<u>\$ 94,836</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (4,551)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,375
Changes in assets and liabilities:	
(Increase) decrease in trade receivables	5,420
Increase (decrease) in accounts payable and accrued liabilities	3,553
Increase (decrease) in other payables	-
Increase (decrease) in customer deposits	1,350
Total adjustments	<u>15,698</u>
Net cash provided (used) by operating activities	<u>\$ 11,147</u>

Town of Godwin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Godwin conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Godwin 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

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. 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.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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 subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those 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 street maintenance and construction, public safety, and general governmental services.

The Town reports the following major enterprise fund:

Water Fund. This fund is used to account for the Town's water operations.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water 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 under the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Cumberland County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. 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. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

At June 30, 2019 the Town of Godwin had no investments.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Town of Godwin Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 20,447
Total Governmental Activities	<u>\$ 20,447</u>
Business-type Activities	
Water Fund	
Customer Deposits	\$ 5,800
Total Business-type Activities	<u>\$ 5,800</u>
Total Restricted Cash	<u><u>\$ 26,247</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)] the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2018.

5. Allowances for Doubtful Accounts

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

6. Prepaid Items

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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$20,000; furniture and equipment, \$2,500; and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital assets are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	50 years
Buildings	40 years
Improvements	20 years
Furniture and Equipment	10 years
Computer Equipment	5 years
Vehicles	5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only one item that meet the criterion for this category - property taxes receivable.

9. 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.

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

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

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

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.

Committed Fund Balance - portion of fund balance that can only be used 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 Balance - Portion of fund balance that the Town intends to use for specific purposes.

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

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

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

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

The Town did not adopt a balanced budget for the fiscal year ending June 30, 2019. The Town did not comply with [G.S. 159-28(a)(1)] and [G.S. 159-28 (d1)] which ensures pre-audit procedures have been executed prior to issuing payment for disbursements. Additionally, the language specifically set forth in the statute is missing from the face of the purchase order/invoice and the face of the disbursement. The Town will ensure the budget is balanced in the future, and will immediately implement the pre-audit process.

2. Contractual Violations

None.

B. Deficit in Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance

None.

C. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund transportation department and public safety department exceeded the authorized appropriations made by the governing board by \$140 and \$924, respectively. The expenditures made in the Town's Water Fund for the water administration and sewer service departments exceeded the authorized appropriations made by the governing board by \$9,284 and \$2,764, respectively. Management and the board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in this unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$153,906 and a bank balance of \$158,442. The bank balances of the Town are fully covered by federal depository insurance.

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

	<u>General</u>
Taxes Receivable	\$ 495
Accounts Receivable	-
Total Receivables	<u>\$ 495</u>

3. Capital Assets

Capital asset activity for the Town for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 139,663	\$ -	\$ -	\$ 139,663
Total capital assets not being depreciated	139,663	-	-	139,663
Capital assets being depreciated:				
Buildings	473,795	-	-	473,795
Improvements	187,047	-	-	187,047
Furniture and equipment	10,400	-	-	10,400
Total capital assets being depreciated	671,242	-	-	671,242
Less accumulated depreciation for:				
Buildings	45,556	11,853	-	57,409
Improvements	20,575	3,741	-	24,316
Furniture and equipment	3,198	607	-	3,805
Total accumulated depreciation	69,329	\$ 16,201	\$ -	85,530
Total capital assets being depreciated, net	601,913			585,712
Governmental activity capital assets, net	<u>\$ 741,576</u>			<u>\$ 725,375</u>

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

General government	\$ 4,348			
Cultural and recreational	11,853			
Total depreciation expense	<u>\$ 16,201</u>			
Business-type activities:				
<i>Water Fund</i>				
Capital assets not being depreciated				
Construction in progress	\$ 20,700	\$ 4,950		\$ 25,650
Total capital assets not being depreciated	20,700	4,950	-	25,650
Capital assets being depreciated:				
Plant and distribution systems	268,756	-	-	268,756
Equipment	3,358	-	-	3,358
Total capital assets being depreciated	272,114	-	-	272,114
Less accumulated depreciation for:				
Plant and distribution systems	134,378	5,374	-	139,752
Equipment	3,358	-	-	3,358
Total accumulated depreciation	137,736	\$ 5,374	\$ -	143,110
Total capital assets being depreciated, net	134,378			129,004
Business-type activities capital assets, net	<u>\$ 155,078</u>			<u>\$ 154,654</u>

B. Liabilities

1. Pension Plan Obligations

The Town of Godwin does not participate in the Local Government Employees' Retirement System, nor do they participate in any other pension programs or other postemployment benefit plans.

2. Deferred Outflows and Inflows of Resources

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Taxes Receivable, net	-	490
Total	\$ -	\$ 490

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in one self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains general liability, auto liability, police professionals liability and public officials liability in excess of \$1,000,000; property in excess of \$500,000.

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.

Because the Town is in an area of the State that has been mapped and designated a moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain flood insurance.

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

4. Claims, Judgments and Contingent Liabilities

At June 30, 2019, the Town had no claims or judgments outstanding or pending.

5. Long-Term Obligations

The Town has no long-term obligations at June 30, 2019, and a legal debt margin of \$693,118.

C. Interfund Balances and Activity

	General Fund	Water Fund
Due to other funds	\$ -	\$ 80,240
Due from other funds	80,240	-
	<u>\$ 80,240</u>	<u>\$ 80,240</u>

The interfund balance resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

During the 2019 fiscal year, the interfund loan balance increase of \$4,140 was due to the General Fund's payment of utilities, insurance, telephone, and other Water Fund expenses. The Town is aware that a repayment plan should be implemented, but no plan was in place at the end of the fiscal year.

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total Fund Balance - General Fund	\$ 142,231
Less:	
Stabilization by State Statute	85,207
Streets - Powell Bill	20,447
Remaining Fund Balance	<u>\$ 36,577</u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. There were no outstanding encumbrances at June 30, 2019.

IV. Jointly Governed Organization

The Town, in conjunction with three counties and twenty other municipalities established the Mid-Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board.

V. Joint Ventures

The Town, in conjunction with two other municipalities, participates in a regional sewer system administered by Cumberland County called North Cumberland Regional Sewer System (NORCRESS).

VI. Summary Disclosure of Significant Contingencies

The Town has received proceeds from State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VII. Significant Effects of Subsequent Events

No events or occurrences have taken place between the end of the fiscal year and the statement issuance date that would have a significant impact on the Town or its financial statements for the fiscal year ended June 30, 2019, which were available to be issued on November 19, 2019.

SUPPLEMENTARY STATEMENTS

This section contains additional statements required by the Local Government Commission
in North Carolina.

Town of Godwin, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Budget and Actual
For the Fiscal year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$ 23,360	\$ 20,707	\$ (2,653)
Penalties and interest	-	69	69
Total	<u>23,360</u>	<u>20,776</u>	<u>(2,584)</u>
Other taxes and licenses:			
Cable and franchise fees	520	487	(33)
Total other taxes and licenses	<u>520</u>	<u>487</u>	<u>33</u>
Unrestricted intergovernmental:			
Local option sales tax	28,000	28,480	480
Utility franchise tax	8,020	9,961	1,941
Beer and wine tax	75	588	513
Total unrestricted intergovernmental	<u>36,095</u>	<u>39,029</u>	<u>2,934</u>
Restricted intergovernmental:			
Powell Bill allocation	4,376	4,180	(196)
Total restricted intergovernmental	<u>4,376</u>	<u>4,180</u>	<u>(196)</u>
Miscellaneous:			
Miscellaneous revenues	2,500	2,418	(82)
Total miscellaneous	<u>2,500</u>	<u>2,418</u>	<u>(82)</u>
Rental Income:			
Park & building revenue	1,800	5,190	3,390
Total rental income	<u>1,800</u>	<u>5,190</u>	<u>3,390</u>
Total revenues	<u>68,651</u>	<u>72,080</u>	<u>3,429</u>
Expenditures:			
General government:			
General government:			
Salaries and employee benefits	2,100	2,369	
Election expense	-	-	
Utilities	6,100	3,100	
Professional services	10,500	10,478	
Insurance	1,625	810	
Membership dues	950	985	
Maintenance and repairs	3,500	4,264	
Other operating expenditures	15,750	9,020	
Total	<u>40,525</u>	<u>31,026</u>	<u>9,499</u>

**Town of Godwin, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Budget and Actual
For the Fiscal year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Administration:			
Salaries and employee benefits	<u>5,800</u>	<u>6,469</u>	<u>(669)</u>
Taxes:			
Collection fees	<u>260</u>	<u>356</u>	<u>(96)</u>
Total general government	<u>46,585</u>	<u>37,851</u>	<u>8,734</u>
Public Safety:			
Fire department	<u>8,950</u>	<u>9,090</u>	<u>(140)</u>
Transportation:			
Streets:			
Utilities	4,700	6,624	
Maintenance and repairs	500	-	
Other operating expenditures	-	-	
Capital outlay	<u>500</u>	<u>-</u>	
Total transportation	<u>5,700</u>	<u>6,624</u>	<u>(924)</u>
Total expenditures	<u>61,235</u>	<u>53,565</u>	<u>7,670</u>
Revenues over (under) expenditures	<u>7,416</u>	<u>18,515</u>	<u>11,099</u>
Net Change in Fund Balance	\$ <u>7,416</u>	18,515	\$ <u>11,099</u>
Fund balances, beginning		<u>123,716</u>	
Fund balances, ending		\$ <u>142,231</u>	

Town of Godwin, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services - water	\$ 74,500	\$ 81,761	\$ 7,261
Total operating revenues	<u>74,500</u>	<u>81,761</u>	<u>7,261</u>
Other operating revenues:	<u>250</u>	<u>-</u>	<u>(250)</u>
Total revenues	<u>74,750</u>	<u>81,761</u>	<u>7,011</u>
Expenditures:			
Water administration:			
Salaries and employee benefits		18,415	
Insurance		809	
Supplies		506	
Professional fees		3,003	
Utilities		2,800	
Other operating expenditures		3,631	
Total water administration	<u>19,880</u>	<u>29,164</u>	<u>(9,284)</u>
Water treatment and distribution:			
Water purchases		12,982	
Maintenance and repairs		363	
Meter reading charges		1,200	
Testing fees		1,256	
Salaries and employee benefits		5,167	
Supplies		100	
Other operating expenditures		241	
Total water distribution	<u>24,785</u>	<u>21,309</u>	<u>3,476</u>
Sewer service:			
Sewer service	<u>27,700</u>	<u>30,464</u>	<u>(2,764)</u>
Capital outlay:	<u>500</u>	<u>-</u>	<u>500</u>
Contingency			
Total expenditures	<u>72,865</u>	<u>80,937</u>	<u>(8,072)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 1,885</u>	<u>824</u>	<u>\$ (1,061)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over (under) expenditures		824	
Reconciling items			
Depreciation		<u>(5,375)</u>	
Change in Net Position		<u>\$ (4,551)</u>	

OTHER SCHEDULES

This section includes additional information on property taxes and assessments.

- Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy
-

**Town of Godwin, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 20,794	\$ 20,551	\$ 243
2017-2018	285	-	177	108
2016-2017	135	-	-	135
2015-2016 & Prior	<u>503</u>	<u>-</u>	<u>4</u>	<u>499</u>
	<u>\$ 923</u>	<u>\$ 20,794</u>	<u>\$ 20,732</u>	<u>985</u>
Less: allowance for doubtful accounts -- General Fund				<u>(495)</u>
Ad valorem taxes receivable -- net				<u>\$ 490</u>

Reconciliation with revenues:

Ad valorem taxes -- General Fund \$ 20,776

Reconciling items:

Interest collected (70)
Taxes written off -
Adjustments/releases 26

Total collections and credits \$ 20,732

**Town of Godwin, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2019**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 8,662,083	0.24	\$ 20,789	\$ 17,456	\$ 3,333
Discoveries- current and prior years	<u>1,888</u>		<u>5</u>	<u>5</u>	<u>-</u>
Total property valuation	<u>\$ 8,663,971</u>				
Net levy			<u>20,794</u>	<u>17,461</u>	<u>3,333</u>
Uncollected taxes at June 30, 2019			<u>(243)</u>	<u>(243)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 20,551</u>	<u>\$ 17,218</u>	<u>\$ 3,333</u>
Current levy collection percentage			<u>98.83%</u>	<u>98.61%</u>	<u>100.00%</u>