

# Town of Williamston

## Financial Statements

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



**CRI** CARR  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, 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 of Williamston, North Carolina'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 auditors' 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 auditors consider 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, North Carolina, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows 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 on pages 4.1 through 4.10, the Other Postemployment Benefits' Schedule of Changes in the net OPEB Liability and Related Ratios on pages 21 through 24, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 25 and 26, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 27 and 28 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 Town of Williamston, North Carolina's basic financial statements. The combining and individual nonmajor fund financial schedules, 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 nonmajor fund financial schedules, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate 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. In our opinion, the combining and individual nonmajor fund financial schedules, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2019, on our consideration of the Town of Williamston, North Carolina'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 to solely 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 of Williamston, North Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Williamston's internal control over financial reporting and compliance.

*Cary, Riggs & Ingram, L.L.C.*

Goldsboro, North Carolina  
November 30, 2019

## **Management's Discussion and Analysis**



# Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2019

As management of the Town of Williamston, North Carolina (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, 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.

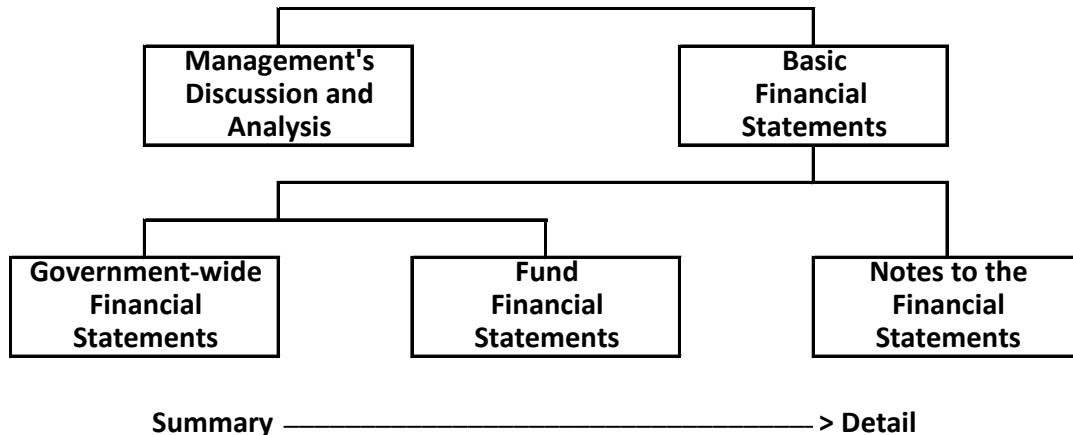
## Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$23,915,720 (*net position*).
- The government's total net position decreased by \$73,441, primarily due to a prior period adjustment of \$283,094 for the purchase of water lines, accumulated depreciation and the related debt payable to Martin County for water lines sold to the Town by the County in a previous fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,287,978, an increase of \$118,785. Approximately 21.53 percent of this total amount, or \$923,415, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,450,552, or 57.43% of total general fund expenditures for the fiscal year.
- The Town's total debt increased by \$469,178 (4.95%) during the current fiscal year. Governmental activity debt decreased \$440,885 while Storm Water debt increased \$940,106 primarily due to the transfer of a USDA loan for the Skewarkee Canal Water Capital Project from the Governmental Activities to the Storm Water Fund. Water and Sewer debt decreased \$30,043. The key factors in this increase were the payments of principal on existing loans of \$909,841 and \$582,421 in loan proceeds from the North Carolina Department of Environmental Quality, \$67,752 from the US Department of Agriculture Loan for the Skewarkee Canal Capital Project and \$728,846 from BB&T for the purchase of vehicles.

## Overview of the Financial Statements

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

Figure 1  
Required Components of Annual Financial Report



### 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 12) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** provides information on the Town's proportionate share of the LGERS pension liability, the total LEOSA pension liability and the net OPEB liability. Supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina 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.



## Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2019

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 of resources 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, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and storm water services offered by the Town of Williamston.

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

### **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary 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.

**Town of Williamston, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board 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** – *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer and storm water activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has two fiduciary funds, an Other Post-Employment Benefits Trust Fund and a Private Purpose Trust Fund related to library maintenance.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20.1 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 21 of this report.

**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 governments and other holders of publicly held U.S. Treasury Securities.

**Town of Williamston, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

Government-Wide Financial Analysis

**CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,794,929	\$ 5,547,646	\$ 8,230,936	\$ 7,345,059	\$ 14,025,865	\$ 12,892,705
Capital assets	9,190,199	10,749,001	16,725,824	15,494,727	25,916,023	26,243,728
Deferred outflows of resources	1,030,258	566,515	163,840	86,636	1,194,098	653,151
Total assets and deferred outflows of resources	<u>16,015,386</u>	<u>16,863,162</u>	<u>25,120,600</u>	<u>22,926,422</u>	<u>41,135,986</u>	<u>39,789,584</u>
Current liabilities	686,948	672,109	911,952	848,888	1,598,900	1,520,997
Long-term liabilities	5,600,403	6,020,200	8,982,283	8,206,837	14,582,686	14,227,037
Deferred inflows of resources	896,463	291,998	142,217	43,485	1,038,680	335,483
Total liabilities and deferred inflows of resources	<u>7,183,814</u>	<u>6,984,307</u>	<u>10,036,452</u>	<u>9,099,210</u>	<u>17,220,266</u>	<u>16,083,517</u>
Net position:						
Net investment in capital assets	8,179,465	9,297,382	7,789,521	7,468,487	15,968,986	16,765,869
Restricted	912,180	821,530	-	-	912,180	821,530
Unrestricted	(260,073)	(240,057)	7,294,627	6,358,725	7,034,554	6,118,668
Total net position	<u>\$ 8,831,572</u>	<u>\$ 9,878,855</u>	<u>\$ 15,084,148</u>	<u>\$ 13,827,212</u>	<u>\$ 23,915,720</u>	<u>\$ 23,706,067</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 resources of the Town exceeded liabilities and deferred inflows of resources by \$23,915,720 as of June 30, 2019. The Town's net position decreased by \$73,441 for the fiscal year ended June 30, 2019. However, the largest portion (66.77%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Williamston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Williamston's net position, \$912,180, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,034,554 is unrestricted.

Several particular aspects of the Town's financial operations influenced its government-wide net position components:

- Continued diligence in the collection of property taxes by increasing aggressive collection procedures through the debt setoff program, garnishments and bank account attachments.
- Investment earnings increased over the previous year due to increases in short term interest rates.

**Town of Williamston, North Carolina**  
**Management's Discussion and Analysis**  
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**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 616,933	\$ 848,905	\$ 4,137,728	\$ 4,138,066	\$ 4,754,661	\$ 4,986,971
Operating grants & contributions	725,509	737,386	38,813	25,350	764,322	762,736
Capital grants & contributions	219,573	-	-	-	219,573	-
General revenues:						
Property taxes	2,939,212	2,874,245	-	-	2,939,212	2,874,245
Other taxes	123,922	124,807	-	-	123,922	124,807
Grants and contributions not restricted to specific programs	1,592,410	1,612,044	-	-	1,592,410	1,612,044
Unrestricted investment earnings	96,989	51,340	130,481	83,018	227,470	134,358
Miscellaneous	31,314	19,133	1,101	3,893	32,415	23,026
<b>Total revenues</b>	<b>6,345,862</b>	<b>6,267,860</b>	<b>4,308,123</b>	<b>4,250,327</b>	<b>10,653,985</b>	<b>10,518,187</b>
<b>EXPENSES:</b>						
<b>Governmental activities:</b>						
General government	562,308	563,282	-	-	562,308	563,282
Public safety	3,293,535	3,157,699	-	-	3,293,535	3,157,699
Transportation	815,313	839,965	-	-	815,313	839,965
Economic and physical development	206,327	195,243	-	-	206,327	195,243
Environmental protection	563,497	546,827	-	-	563,497	546,827
Cultural and recreational	824,460	796,662	-	-	824,460	796,662
Interest on long-term debt	14,795	34,341	-	-	14,795	34,341
<b>Business-type activities:</b>						
Water and sewer	-	-	4,113,675	4,290,683	4,113,675	4,290,683
Storm Water	-	-	50,422	-	50,422	-
<b>Total expenses</b>	<b>6,280,235</b>	<b>6,134,019</b>	<b>4,164,097</b>	<b>4,290,683</b>	<b>10,444,332</b>	<b>10,424,702</b>
Increase (decrease) in net position before transfers	65,627	133,841	144,026	(40,356)	209,653	93,485
Transfers	(83,225)	(15,083)	83,225	15,083	-	-
Transfers of capital assets and related debt	(1,029,685)	-	1,029,685	-	-	-
Increase (decrease) in net position	(1,047,283)	118,758	1,256,936	(25,273)	209,653	93,485
<b>NET POSITION, BEGINNING, PREVIOUSLY REPORTED</b>	<b>9,878,855</b>	<b>12,057,117</b>	<b>14,110,306</b>	<b>14,790,242</b>	<b>23,989,161</b>	<b>26,847,359</b>
Prior period adjustment	-	-	(283,094)	-	(283,094)	-
Cumulative effect of change in accounting principle	-	(2,297,020)	-	(654,663)	-	(2,951,683)
<b>NET POSITION, BEGINNING, RESTATED</b>	<b>9,878,855</b>	<b>9,760,097</b>	<b>13,827,212</b>	<b>14,135,579</b>	<b>23,706,067</b>	<b>23,895,676</b>
<b>NET POSITION, ENDING</b>	<b>\$ 8,831,572</b>	<b>\$ 9,878,855</b>	<b>\$ 15,084,148</b>	<b>\$ 14,110,306</b>	<b>\$ 23,915,720</b>	<b>\$ 23,989,161</b>

**Governmental activities:** Governmental activities decreased the Town's net position by (\$1,047,283). The key elements of this decrease are as follows:

- Transfer of capital assets and the related debt to the Storm Water Fund.

**Town of Williamston, North Carolina**  
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**Business-type activities:** Business-type activities increased the Town's net position by \$973,842. The key element of this increase is as follows:

- Transfer of capital assets and the related debt from the Governmental Activities for the Skewarkee Canal Capital Project.
- The Town recorded a prior period adjustment of (\$283,094) for the business-type activities. This prior period adjustment relates to water lines purchased from Martin County and the related accumulated depreciation and debt payable to the County under the terms of a capital lease.

**Financial Analysis of the Town's Funds**

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance unassigned in the General Fund was \$3,450,552, while total fund balance reached \$4,373,967. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.43% of total General Fund expenditures, while total fund balance represents 72.80% of that same amount.

At June 30, 2019, the governmental funds of the Town reported a combined fund balance of \$4,287,978, with a net increase in fund balance of \$118,785. Included in this change in fund balance are an increase in the fund balance in the General Fund and a decrease in the other governmental funds.

**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.

Revenues were less than the budgeted amounts primarily because miscellaneous revenue received was less than the Town originally had expected to receive. Expenditures were held in check to allow the Town to comply with its budgetary requirements.

**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 \$7,172,656. The total decrease in net position for the fund was \$62,606 of which \$283,094 relates to a prior period adjustment for water lines purchased from Martin County and the related debt payable to the County. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$121,971. The total increase in net position for the fund was \$1,036,448 which is due to the transfer of capital assets and the related debt for the Skewarkee Canal

**Town of Williamston, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

Capital Project from the Governmental Activities. 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 investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$25,916,023 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Current year construction in progress of \$105,766 in governmental activities for the Skewarkee Canal Capital Project Fund.
- Current year construction in progress of \$185,205 in governmental activities for the new Fire and Police Department Capital Project Funds.
- Purchase of a fire truck, ambulance and police vehicles totaling \$819,431 in the governmental activities.
- Current year construction in progress of \$41,410 in business-type activities for various infrastructure assets.
- Transfer of capital assets from Governmental Activities to the Storm Water Fund of \$1,996,391.

**SUMMARY OF CAPITAL ASSETS**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 733,411	\$ 733,411	\$ 112,022	\$ 112,022	\$ 845,433	\$ 845,433
Buildings	876,858	928,247	88,674	96,582	965,532	1,024,829
Land improvements	854,772	938,844	-	-	854,772	938,844
Plant & distribution/ collection systems	-	-	14,334,770	10,744,354	14,334,770	10,744,354
Equipment & furniture	352,932	418,576	117,296	134,310	470,228	552,886
Vehicles & motorized equipment	1,427,248	860,212	104,399	144,179	1,531,647	1,004,391
Infrastructure	4,723,558	4,943,848	1,968,663	-	6,692,221	4,943,848
Construction in progress	221,420	1,925,863	-	4,263,280	221,420	6,189,143
<b>TOTALS</b>	<b>\$ 9,190,199</b>	<b>\$ 10,749,001</b>	<b>\$ 16,725,824</b>	<b>\$ 15,494,727</b>	<b>\$ 25,916,023</b>	<b>\$ 26,243,728</b>

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.



**Town of Williamston, North Carolina**  
**Management's Discussion and Analysis**  
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**Long-Term Debt.** As of June 30, 2019, the Town had debt outstanding of \$9,947,037. Of this, \$1,010,734 represents governmental activities installment purchase financing debt and \$8,936,303, represents business-type activities debt related to water sewer and storm water improvements.

**TOWN OF WILLIAMSTON'S OUTSTANDING DEBT**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchase debt - fire truck	\$ 565,395	\$ -	\$ -	\$ -	\$ 565,395	\$ -
Installment purchase debt - police cars	-	72,665	-	-	-	72,665
Installment purchase debt - ambulance	85,339	-	-	-	85,339	-
Installment purchase debt - streets	360,000	480,000	-	-	360,000	480,000
Installment purchase debt - USDA	-	898,954	940,106	-	940,106	898,954
NC Clean Water Revolving Loan	-	-	4,500,166	4,402,579	4,500,166	4,402,579
Drinking Water State Revolving Loan	-	-	938,291	1,000,844	938,291	1,000,844
Martin County District 1	-	-	578,730	597,830	578,730	597,830
Martin County District 2	-	-	1,979,010	2,024,987	1,979,010	2,024,987
<b>TOTALS</b>	<b>\$ 1,010,734</b>	<b>\$ 1,451,619</b>	<b>\$ 8,936,303</b>	<b>\$ 8,026,240</b>	<b>\$ 9,947,037</b>	<b>\$ 9,477,859</b>

The Town's total debt increased by \$469,178 (4.95%) during the current year, primarily due to loan proceeds of \$1,379,019 from the US Department of Agriculture, North Carolina Department of Environmental Quality and BB&T for capital projects and purchase of vehicles. The government also made principal payments on existing loans of \$909,841.

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 Town of Williamston is \$24,459,643. The Town has two loans with the US Department of Agriculture in the amount of \$1,633,550 and \$2,046,200, respectively, for the construction and renovation of the Town's fire and police stations that are authorized but un-issued at June 30, 2019.

Additional information regarding the Town's long-term debt can be found in Note III.B.7 of this report.

# Town of Williamston, North Carolina Management's Discussion and Analysis June 30, 2019

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

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

- Commercial growth although slow remains steady. We have had several new businesses build in town and expect more new builds in the coming year. We have four major renovations planned in our downtown business district which could breathe new life into the downtown redevelopment effort. Our available retail space has diminished throughout all business districts. We continue to promote more investment in our downtown.
- The local unemployment rate for Martin County is 5.4% compared to the North Carolina state average rate of 6.1%. The unemployment rate remains steady from the previous year showing a stable local economy even though not growing to any great extent.

## Budget Highlights for the Fiscal Year Ending June 30, 2020

**Governmental Activities:** Property taxes and revenues from unrestricted intergovernmental revenues are again expected to remain steady. Sales tax revenues are anticipated to decrease slightly from last year due to the State adjusting the distribution formula. We expect to see a very small increase in property tax revenues due to business expansion within Town limits. The property tax rate will remain the same at \$0.79 per \$100 of assessed value.

Budgeted expenditures in the General Fund are \$5,794,971. This is a decrease from last year of approximately \$178,000 primarily due to a reduction in expenditures in various departments. Debt service expenditures in the General Fund will increase due to payments for the purchase of a fire truck, ambulance and other vehicles in fiscal year 2019. This year, our debt service liability equates to 3.39% of the budget; up slightly from 1.84% last year. Revenues as a result of vehicle license plate fees will help offset the debt associated with installment purchase debt acquired during the current year for street improvements in Annexation Area A.

**Business-type Activities:** Total budgeted expenditures for the Water and Sewer fund for the upcoming year are \$4,233,114. This is a slight increase from the previous year due to the loss of Parkdale Yarn Mill water/sewer usage. There is no increase in the water, sewer or storm water fees in the fiscal year 2020 budget ordinance. Barring no major changes water rates should be stabilizing as a result of the water purchase agreement with Martin County Regional Water and Sewer Authority. Both the water and sewer rates will continue to be reevaluated annually for adequacy and possible adjustment up or down.

## 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 Administrator, Town of Williamston, P.O. Box 506, Williamston, NC 27892. One can also call (252)792-5142, visit our website [www.townofwilliamston.com](http://www.townofwilliamston.com) or send an email to [lindaharrison@townofwilliamston.com](mailto:lindaharrison@townofwilliamston.com) for more information.

**Town Council Members**

Joyce Whichard-Brown, Mayor

Al R. Chesson, Mayor Pro Tem

Ronell Rodgers

Alton Moore

Jerry Knox

William Coffield

**Administrative and Financial Staff**

John O'Daniel, Town Administrator

Linda Harrison, Finance Officer

Tiffany White, Tax Collector

Christina Craft, Town Clerk

Daniel A. Manning, Town Attorney

## **Basic Financial Statements**

**Town of Williamston, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 69,685	\$ 1,996,214	\$ 2,065,899
Investments	3,845,741	5,543,575	9,389,316
Taxes receivable (net)	666,059	-	666,059
Accrued interest receivable on taxes	169,037	-	169,037
Accounts receivable (net)	219,874	338,869	558,743
Due from other governments	468,880	-	468,880
Internal balances	(22,614)	22,614	-
Inventories	11,235	-	11,235
Restricted assets:			
Cash and investments	367,032	193,990	561,022
Total current assets	<u>5,794,929</u>	<u>8,095,262</u>	<u>13,890,191</u>
<b>Non-Current assets:</b>			
Advance to General Fund	-	135,674	135,674
Land, non-depreciable improvements, and construction in progress	954,831	112,022	1,066,853
Other capital assets, net of depreciation	8,235,368	16,613,802	24,849,170
Total capital assets	<u>9,190,199</u>	<u>16,725,824</u>	<u>25,916,023</u>
<b>TOTAL ASSETS</b>	<u>14,985,128</u>	<u>24,956,760</u>	<u>39,941,888</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	867,914	135,438	1,003,352
OPEB deferrals	162,344	28,402	190,746
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,030,258</u>	<u>163,840</u>	<u>1,194,098</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	230,548	46,692	277,240
Miscellaneous liabilities	10,355	-	10,355
Bank overdraft	88,350	-	88,350
Current portion of long-term liabilities	357,695	710,596	1,068,291
Payable from restricted assets	-	154,664	154,664
Total current liabilities	<u>686,948</u>	<u>911,952</u>	<u>1,598,900</u>
<b>Long-term liabilities:</b>			
Net pension liability	1,078,057	172,879	1,250,936
Total pension liability	365,902	-	365,902
Net OPEB liability	3,079,936	538,835	3,618,771
Advance from Water and Sewer Fund	135,674	-	135,674
Due in more than one year	940,834	8,270,569	9,211,403
<b>TOTAL LIABILITIES</b>	<u>6,287,351</u>	<u>9,894,235</u>	<u>16,181,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	5,040	-	5,040
Pension deferrals	85,979	1,304	87,283
OPEB deferrals	805,444	140,913	946,357
Total deferred inflows of resources	<u>896,463</u>	<u>142,217</u>	<u>1,038,680</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,179,465	7,789,521	15,968,986
Restricted for:			
Stabilization by state statute	469,413	-	469,413
Streets	383,541	-	383,541
Public safety	59,226	-	59,226
Unrestricted	(260,073)	7,294,627	7,034,554
<b>TOTAL NET POSITION</b>	<u>\$ 8,831,572</u>	<u>\$ 15,084,148</u>	<u>\$ 23,915,720</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 2**

	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>FUNCTIONS/PROGRAMS</b>			
<b>PRIMARY GOVERNMENT:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General government	\$ 562,308	\$ 2,330	\$ -
Public safety	3,293,535	520,366	546,263
Transportation	815,313	725	165,570
Economic and physical development	206,327	-	200,000
Environmental protection	563,497	-	-
Cultural and recreational	824,460	70,523	3,999
Interest on long-term debt	14,795	22,989	9,677
Total governmental activities	<u>6,280,235</u>	<u>616,933</u>	<u>725,509</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Water and sewer	4,113,675	4,080,543	38,813
Storm water	50,422	57,185	-
Total primary government	<u>\$ 10,444,332</u>	<u>\$ 4,754,661</u>	<u>\$ 764,322</u>
		<u>\$ -</u>	<u>\$ 219,573</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 2**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>FUNCTIONS/PROGRAMS</b>			
<b>PRIMARY GOVERNMENT:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General government	\$ (559,978)	\$ -	\$ (559,978)
Public safety	(2,226,906)	-	(2,226,906)
Transportation	(449,018)	-	(449,018)
Economic and physical development	(206,327)	-	(206,327)
Environmental protection	(488,975)	-	(488,975)
Cultural and recreational	(772,221)	-	(772,221)
Interest on long-term debt	(14,795)	-	(14,795)
Total governmental activities	<u>(4,718,220)</u>	-	<u>(4,718,220)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Water and sewer	-	5,681	5,681
Storm water	-	6,763	6,763
Total primary government	<u>(4,718,220)</u>	<u>12,444</u>	<u>(4,705,776)</u>
<b>GENERAL REVENUES:</b>			
Taxes:			
Property taxes, levied for general purpose	2,939,212	-	2,939,212
Other taxes	123,922	-	123,922
Grants & contributions not restricted to specific programs	1,592,410	-	1,592,410
Unrestricted investment earnings	96,989	130,481	227,470
Miscellaneous	24,614	1,101	25,715
Gain on disposal of capital assets	6,700	-	6,700
Transfers	(83,225)	83,225	-
Transfer of assets and debt - Skewarkee Canal	(1,029,685)	1,029,685	-
Total general revenues and transfers	<u>3,670,937</u>	<u>1,244,492</u>	<u>4,915,429</u>
Change in net position	(1,047,283)	1,256,936	209,653
<b>NET POSITION, BEGINNING, PREVIOUSLY REPORTED</b>	9,878,855	14,110,306	23,989,161
<b>Prior period adjustment</b>	-	(283,094)	(283,094)
<b>NET POSITION, BEGINNING, RESTATED</b>	9,878,855	13,827,212	23,706,067
<b>NET POSITION, ENDING</b>	<u>\$ 8,831,572</u>	<u>\$ 15,084,148</u>	<u>\$ 23,915,720</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2019**  
**Exhibit 3**

	Major Funds	Non-Major Funds	Total Governmental Funds
	General	Other Governmental Funds	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 69,685	\$ -	\$ 69,685
Investments	3,843,380	2,361	3,845,741
Restricted investments	367,032	-	367,032
Taxes receivable, net	666,059	-	666,059
Accounts receivable, net	219,874	-	219,874
Due from other governments	468,880	-	468,880
Inventories	11,235	-	11,235
TOTAL ASSETS	\$ 5,646,145	\$ 2,361	\$ 5,648,506
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 213,095	\$ -	\$ 213,095
Miscellaneous liabilities	10,355	-	10,355
Bank overdraft	-	88,350	88,350
Advance from Water and Sewer Fund	158,288	-	158,288
Total liabilities	381,738	88,350	470,088
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	666,059	-	666,059
EMS receivables	219,341	-	219,341
Prepaid taxes	5,040	-	5,040
Total deferred inflows of resources	890,440	-	890,440
<b>FUND BALANCES</b>			
<b>Non spendable:</b>			
Inventories	11,235	-	11,235
<b>Restricted:</b>			
Stabilization by state statute	469,413	-	469,413
Streets	383,541	-	383,541
Public safety	59,226	-	59,226
<b>Assigned:</b>			
Economic and physical development	-	2,361	2,361
<b>Unassigned</b>	3,450,552	(88,350)	3,362,202
Total fund balances	4,373,967	(85,989)	4,287,978
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,646,145	\$ 2,361	\$ 5,648,506

*The accompanying footnotes are an integral part of these financial statements*



**Town of Williamston, North Carolina**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Position**  
**June 30, 2019**  
**Exhibit 4**

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position follows:

Total fund balances of governmental funds		\$ 4,287,978
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 20,701,600	
Less accumulated depreciation	<u>(11,511,401)</u>	
Net capital assets		9,190,199
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		169,037
Deferred outflows of resources related to pensions are not reported in the funds		867,914
Deferred outflows of resources related to OPEB are not reported in the funds		162,344
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Property taxes receivable		666,059
EMS receivables		219,341
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements:		
Accrued interest		(17,453)
Installment financing debt		(1,010,734)
Net other postemployment benefits liability		(3,079,936)
Compensated absences		(287,795)
Net pension liability		(1,078,057)
Total pension liability		(365,902)
Deferred inflows of resources related to OPEB are not reported in the funds		(805,444)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(85,979)</u>
Net position of governmental activities		<u><u>\$ 8,831,572</u></u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 5**

	Major Funds	Non-Major Funds	Total Governmental Funds
	General	Other Governmental Funds	
<b>REVENUES</b>			
Ad valorem taxes	\$ 2,891,022	\$ -	\$ 2,891,022
Other taxes and licenses	123,922	-	123,922
Unrestricted intergovernmental	1,592,410	-	1,592,410
Restricted intergovernmental	763,006	200,000	963,006
Permits and fees	2,344	-	2,344
Sales and services	594,194	-	594,194
Investment earnings	95,773	1,216	96,989
Miscellaneous and project income	3,194	900	4,094
Total revenues	6,065,865	202,116	6,267,981
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	540,872	-	540,872
Public safety	3,187,674	750,600	3,938,274
Transportation	580,048	105,766	685,814
Economic and physical development	176,537	16,538	193,075
Environmental protection	578,236	-	578,236
Cultural and recreational	658,728	-	658,728
<b>Debt service:</b>			
Principal	270,777	-	270,777
Interest and other charges	14,991	-	14,991
Total expenditures	6,007,863	872,904	6,880,767
Revenues over (under) expenditures	58,002	(670,788)	(612,786)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	6,700	-	6,700
Insurance claims	20,520	-	20,520
Installment purchase proceeds	163,451	633,147	796,598
Transfers from other funds	-	100,000	100,000
Transfers to other funds	(100,000)	(83,225)	(183,225)
Total other financing sources (uses)	90,671	649,922	740,593
Revenues and other financing sources over (under) expenditures and other uses	148,673	(20,866)	127,807
<b>FUND BALANCE, BEGINNING</b>	4,234,316	(65,123)	4,169,193
Change in reserve for inventories	(9,022)	-	(9,022)
<b>FUND BALANCES, ENDING</b>	\$ 4,373,967	\$ (85,989)	\$ 4,287,978

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balance of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 6**

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

Net changes in fund balances of governmental funds	\$ 127,807
Change in fund balance due to change in reserve for inventories	(9,022)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,175,415
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(737,826)
Transfer of construction in progress to Storm Water Fund	(1,996,391)
Transfer of USDA note payable to Storm Water Fund	966,706
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	201,105
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:	
Installment purchase proceeds	(796,598)
Principal payments on long-term debt	270,777
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	34,773
Increase in accrued interest receivable on taxes	13,417
Change in unavailable revenue for EMS revenues	2,471
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements:	
Accrued interest	196
Pension expense - LGERS	(257,961)
Pension expense - LEOSSA	(34,015)
Compensated absences	(18,588)
Other postemployment benefits plan expense	10,451
Total changes in net position of governmental activities	\$ (1,047,283)

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 7**

General Fund				
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,784,300	\$ 2,784,300	\$ 2,891,022	\$ 106,722
Other taxes and licenses	107,750	107,750	123,922	16,172
Unrestricted intergovernmental	1,696,500	1,696,500	1,592,410	(104,090)
Restricted intergovernmental	666,698	666,698	763,006	96,308
Permits and fees	3,560	3,560	2,344	(1,216)
Sales and services	637,623	637,623	594,194	(43,429)
Investment earnings	54,000	54,000	95,773	41,773
Miscellaneous income	780	249,137	3,194	(245,943)
Total revenues	<u>5,951,211</u>	<u>6,199,568</u>	<u>6,065,865</u>	<u>(133,703)</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	643,787	656,000	540,872	115,128
Public safety	3,342,819	3,360,819	3,187,674	173,145
Transportation	594,131	624,101	580,048	44,053
Economic and physical development	134,328	202,903	176,537	26,366
Environmental protection	604,119	609,419	578,236	31,183
Cultural and recreational	680,750	688,200	658,728	29,472
<b>Debt service:</b>				
Principal	200,977	259,589	270,777	(11,188)
Interest and other charges	12,614	13,435	14,991	(1,556)
Total expenditures	<u>6,213,525</u>	<u>6,414,466</u>	<u>6,007,863</u>	<u>406,603</u>
Revenues over (under) expenditures	<u>(262,314)</u>	<u>(214,898)</u>	<u>58,002</u>	<u>272,900</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance - Powell Bill	-	29,970	-	(29,970)
Sale of capital assets	1,000	1,000	6,700	5,700
Insurance claims	4,000	4,000	20,520	16,520
Installment purchase proceeds	279,928	279,928	163,451	(116,477)
Loan repayments to Water and Sewer Fund	(22,614)	-	-	-
Transfers to other funds	-	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>262,314</u>	<u>214,898</u>	<u>90,671</u>	<u>(124,227)</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>148,673</u>	<u>\$ 148,673</u>
<b>FUND BALANCE, BEGINNING</b>			4,234,316	
Change in reserve for inventories			(9,022)	
<b>FUND BALANCE, ENDING</b>			<u>\$ 4,373,967</u>	

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Proprietary Funds**  
**Statement of Fund Net Position**  
**June 30, 2019**  
**Exhibit 8**

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,910,532	\$ 85,682	\$ 1,996,214
Investments	5,543,575	-	5,543,575
Accounts receivable (net)	331,938	6,931	338,869
Advance to General Fund	22,614	-	22,614
<b>Restricted assets:</b>			
Cash and cash equivalents	154,664	39,326	193,990
Total current assets	<u>7,963,323</u>	<u>131,939</u>	<u>8,095,262</u>
<b>Non-current assets:</b>			
Advance to General Fund	135,674	-	135,674
<b>Capital assets:</b>			
Land and other non-depreciable assets	112,022	-	112,022
Other capital assets, net of depreciation	14,645,139	1,968,663	16,613,802
Capital assets (net)	<u>14,757,161</u>	<u>1,968,663</u>	<u>16,725,824</u>
TOTAL ASSETS	<u>22,856,158</u>	<u>2,100,602</u>	<u>24,956,760</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	135,438	-	135,438
OPEB deferrals	28,402	-	28,402
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>163,840</u>	<u>-</u>	<u>163,840</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	36,724	9,968	46,692
Compensated absences payable - current	17,990	-	17,990
USDA Loan - current	-	18,174	18,174
NC Clean Water Revolving Loan - current	542,848	-	542,848
Drinking Water State Revolving Loan - current	62,553	-	62,553
Martin County note payable - current	69,031	-	69,031
<b>Liabilities payable from restricted assets:</b>			
Customer deposits	154,664	-	154,664
Total current liabilities	<u>883,810</u>	<u>28,142</u>	<u>911,952</u>
<b>Noncurrent liabilities:</b>			
Net other postemployment benefits liability	538,835	-	538,835
Compensated absences payable	26,872	-	26,872
Net pension liability	172,879	-	172,879
USDA Loan	-	921,932	921,932
NC Clean Water Revolving Loan	3,957,318	-	3,957,318
Drinking Water State Revolving Loan	875,738	-	875,738
Martin County note payable	2,488,709	-	2,488,709
Total noncurrent liabilities	<u>8,060,351</u>	<u>921,932</u>	<u>8,982,283</u>
TOTAL LIABILITIES	<u>8,944,161</u>	<u>950,074</u>	<u>9,894,235</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	1,304	-	1,304
OPEB deferrals	140,913	-	140,913
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>142,217</u>	<u>-</u>	<u>142,217</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,760,964	1,028,557	7,789,521
Unrestricted	7,172,656	121,971	7,294,627
TOTAL NET POSITION	<u>\$ 13,933,620</u>	<u>\$ 1,150,528</u>	<u>\$ 15,084,148</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Proprietary Funds**

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 9**

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,040,787	\$ 57,185	\$ 4,097,972
Water and sewer taps	7,400	-	7,400
Other operating revenues	32,356	-	32,356
Total operating revenues	<u>4,080,543</u>	<u>57,185</u>	<u>4,137,728</u>
<b>OPERATING EXPENSES</b>			
Water treatment and distribution	2,059,620	-	2,059,620
Waste collection and treatment	1,045,302	-	1,045,302
Engineering study - AIA project	38,813	-	38,813
Depreciation	778,976	27,728	806,704
Total operating expenses	<u>3,922,711</u>	<u>27,728</u>	<u>3,950,439</u>
Operating income	<u>157,832</u>	<u>29,457</u>	<u>187,289</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	130,481	-	130,481
State grant	38,813	-	38,813
Miscellaneous	1,101	-	1,101
Interest and other charges	(190,964)	(22,694)	(213,658)
Total nonoperating revenues (expenses)	<u>(20,569)</u>	<u>(22,694)</u>	<u>(43,263)</u>
Income before contributions and transfers	137,263	6,763	144,026
Transfers from other funds	83,225	-	83,225
Transfer of assets and debt - Skewarkee Canal	-	1,029,685	1,029,685
<b>CHANGE IN NET POSITION</b>	220,488	1,036,448	1,256,936
<b>TOTAL NET POSITION, PREVIOUSLY REPORTED</b>	13,996,226	114,080	14,110,306
Prior period adjustment	(283,094)	-	(283,094)
<b>TOTAL NET POSITION, BEGINNING, RESTATED</b>	<u>13,713,132</u>	<u>114,080</u>	<u>13,827,212</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 13,933,620</u>	<u>\$ 1,150,528</u>	<u>\$ 15,084,148</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 10**

	Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Storm Water Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,011,543	\$ 55,459	\$ 4,067,002
Cash paid for goods and services	(2,556,504)	-	(2,556,504)
Cash paid to or on behalf of employees for services	(650,948)	-	(650,948)
Customer deposits received (net)	5,296	-	5,296
Net cash provided by operating activities	<u>809,387</u>	<u>55,459</u>	<u>864,846</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	83,225	-	83,225
Miscellaneous revenue	1,101	-	1,101
Net cash provided by noncapital financing activities	<u>84,326</u>	<u>-</u>	<u>84,326</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Clean Water Revolving Loan proceeds	582,421	-	582,421
Acquisition and construction of capital assets	(43,050)	-	(43,050)
Capital contributions - State grant	64,993	-	64,993
Principal paid on NC Clean Water Revolving Loan	(484,834)	-	(484,834)
Principal paid on NC Drinking Water State Revolving Loan	(62,553)	-	(62,553)
Principal paid on Martin County Loan	(65,077)	-	(65,077)
Principal paid on USDA loan	-	(26,600)	(26,600)
Interest paid on NCDEQ and Martin County loans	(190,896)	-	(190,896)
Interest paid on USDA Loan	-	(12,726)	(12,726)
Net cash used by capital and related financing activities	<u>(198,996)</u>	<u>(39,326)</u>	<u>(238,322)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	130,481	-	130,481
Purchase of short-term investments	(620,519)	-	(620,519)
Loan repayments from General Fund	22,614	-	22,614
Net cash used by investing activities	<u>(467,424)</u>	<u>-</u>	<u>(467,424)</u>
Net increase in cash and cash equivalents	227,293	16,133	243,426
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,837,903</u>	<u>108,875</u>	<u>1,946,778</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 2,065,196</u>	<u>\$ 125,008</u>	<u>\$ 2,190,204</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 10**

Enterprise Funds		
Major Fund	Non-Major Fund	Total
Water and Sewer Fund	Storm Water Fund	

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 157,832	\$ 29,457	\$ 187,289
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	778,976	27,728	806,704
Changes in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	(69,000)	(1,726)	(70,726)
(Increase) decrease in deferred outflows of resources - pensions	(48,802)	-	(48,802)
Increase (decrease) in net pension liability	60,461	-	60,461
Increase (decrease) in deferred inflows of resources - pensions	(2,616)	-	(2,616)
(Increase) decrease in deferred outflows of resources - OPEB	(28,402)	-	(28,402)
Increase (decrease) in accounts payable and accrued liabilities	(8,826)	-	(8,826)
Increase (decrease) in customer deposits	5,296	-	5,296
Increase (decrease) in compensated absences payable	(4,139)	-	(4,139)
Increase (decrease) in deferred inflows of resources - OPEB	101,348	-	101,348
Increase (decrease) in accrued OPEB liability	(132,741)	-	(132,741)
Total adjustments	651,555	26,002	677,557
Net cash provided by operating activities	\$ 809,387	\$ 55,459	\$ 864,846

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Transfers from Governmental Activities

Capital assets transferred - Skewarkee Canal	\$ -	\$ 1,996,391	\$ 1,996,391
USDA loan payable transferred	-	(966,706)	(966,706)
Total noncash capital and related financing activities	\$ -	\$ 1,029,685	\$ 1,029,685

*The accompanying footnotes are an integral part of these financial statements*



**Town of Williamston, North Carolina**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2019**  
**Exhibit 11**

	<b>OPEB Trust Fund</b>	<b>Martin Memorial Library Trust Fund</b>
<b>ASSETS</b>		
Investments	\$ 836,691	\$ 18,401
<b>TOTAL ASSETS</b>	<u>\$ 836,691</u>	<u>\$ 18,401</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position:</b>		
Net position for postemployment benefits other than pensions	836,691	-
Assets held in trust for citizens of the Town of Williamston	-	18,401
<b>TOTAL NET POSITION</b>	<u>\$ 836,691</u>	<u>\$ 18,401</u>

*The accompanying footnotes are an integral part of these financial statements*

**Town of Williamston, North Carolina**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 12**

	<b>OPEB Trust Fund</b>	<b>Martin Memorial Library Trust Fund</b>
<b>ADDITIONS:</b>		
Employer contributions	\$ 167,183	\$ -
Investment income:		
Net appreciation in fair value of investments	35,367	-
Interest	6,156	580
Total additions	<u>208,706</u>	<u>580</u>
<b>DEDUCTIONS:</b>		
Benefits	67,183	-
Library repairs	-	15,796
Total deductions	<u>67,183</u>	<u>15,796</u>
Change in net position	141,523	(15,216)
<b>NET POSITION, BEGINNING</b>	<u>695,168</u>	<u>33,617</u>
<b>NET POSITION, ENDING</b>	<u>\$ 836,691</u>	<u>\$ 18,401</u>

*The accompanying footnotes are an integral part of these financial statements*

## **Notes to the Financial Statements**

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Williamston, North Carolina (the “Town”) 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 is a municipal corporation that is governed by an elected mayor and a five-member council.

**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 governments and other holders of publicly held U.S. Treasury Securities.

### 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, including the fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

## Town of Williamston, North Carolina Notes to the Financial Statements

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

**Grant Project Special Revenue Funds.** These funds are used to account for three grant project funds that are restricted for use for a particular purpose:

Strategic Economic Development – Golden Leaf

Brownsfields Assessments Grants

Community Development Block Grant Project Fund – Downtown Redevelopment Grant

**Capital Projects Funds.** These funds are used to account for two governmental capital projects that are related to public safety construction, transportation and drainage improvements:

Pierce Pumper Project

Fire Department Capital Project Fund

Police Department Capital Project Fund

Skewarkee Canal Phase IV

Skewarkee Canal Phase IV-A – Railroad culvert Improvements Project

The Town reports the following major enterprise fund:

**Water and Sewer Fund.** This fund is used to account for the Town's water and sewer operations. The Annexation Area A and Water System Asset Inventory Assessment Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Funds have been included in the supplemental information.

The Town reports the following non-major enterprise fund:

**Storm Water.** This fund is used to account for the Town's storm water and drainage operations.

The Town reports the following fund types:

**Fiduciary Funds.** Fiduciary funds are used to account for assets the Town holds on behalf of others. The Town maintains one Other Postemployment Benefits Trust Fund (OPEB) and one Private Purpose Trust Fund.

**Other Postemployment Benefits Trust Fund.** The Town maintains the Other Postemployment Benefits Trust Fund to report resources that are required to be held in trust for the members of the Other Postemployment Benefits Plan. The Other Postemployment Benefits Fund accounts for the Town's contributions for healthcare coverage provided to qualified retirees.

## Town of Williamston, North Carolina Notes to the Financial Statements

*Private Purpose Trust Fund.* The Martin Memorial Library Fund represents excess citizen contributions left over after library construction. The funds are used to maintain and repair the library as needed.

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

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

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

***Governmental Fund Financial Statements.*** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. 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 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

## Town of Williamston, North Carolina Notes to the Financial Statements

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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Williamston because the tax is levied by Martin 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. 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 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 Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Special Revenue Funds, Capital Projects Funds and the Enterprise Capital Project Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. The Town administrator is authorized to reallocate appropriations within departments and may execute interdepartmental transfers, within the same fund, not to exceed ten percent (10%) of the appropriated monies for the department whose allocation is reduced. The governing board must approve any budget revision that alters the total expenditures of any fund. During the year, several immaterial 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. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

#### **1. Deposits and Investments**

All deposits of the Town are made in board-designated official depositories and are 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'

## Town of Williamston, North Carolina Notes to the Financial Statements

acceptances, and the North Carolina Capital Management Trust (NCCMT). Investments are reported at fair value, with the exception of NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool which complies with criteria set forth in Section 150: *Investments* of the GASB Codification and has elected to measure the investment at amortized cost, which is the NCCMT's share price. 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.

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

### 2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and cash investments with maturities of three months or less are considered cash and cash equivalents. Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in either external investment pool.

### 3. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 4. 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

Restricted cash and investments as of June 30, 2019 was comprised of the following amounts:

#### Governmental Activities

##### General Fund:

Powell Bill funds	\$ 367,032
Total Governmental Activities	367,032

##### Business-type activities

##### Water and Sewer Fund:

Customer utility deposits	154,664
US Department of Agriculture Debt Reserve	39,326
Total Business-type Activities	193,990

Total restricted cash and investments	\$ 561,022
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**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**5. Ad Valorem Taxes Receivable**

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

**6. 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.

**7. Inventory and Prepaid Items**

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of motor fuels that are recorded as expenditures when consumed rather than when purchased. Enterprise fund supplies are not inventoried at year-end because the amounts are considered immaterial.

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.

**8. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected to record general infrastructure assets on a prospective basis beginning with the year of implementing GASB 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	30-60
Buildings	10-30
Land improvements	20-25
Plant and distribution/collection systems	20-30
Vehicles and motorized equipment	5-30
Equipment and furniture	5-20
Computer equipment	3-7

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be

## Town of Williamston, North Carolina Notes to the Financial Statements

recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and pension and OPEB deferrals.

### **10. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **11. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty days (54 days for Fire and EMS employees) earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

### **12. Net Position/Fund Balances**

#### **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.

## Town of Williamston, North Carolina Notes to the Financial Statements

### Fund Balances

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

The governmental fund types classify fund balances as follows:

**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.

**Inventories** - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

**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.

**Restricted for Public Safety** – portion of fund balance that is restricted by revenue source for police related drug enforcement activities.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Williamston's governing body (highest level of decision-making authority). 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 of Williamston intends to use for specific purposes.

## Town of Williamston, North Carolina Notes to the Financial Statements

**Assigned for Economic and Physical Development** – portion of fund balance that has been budgeted by the Board for economic and physical development activities in special revenue 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 of Williamston 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. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

### **13. Defined Benefit Cost-Sharing Plans**

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

### **14. Adoption of New Financial Accounting Standards**

The following GASB Statements recently issued and adopted by the GASB impacted the Town's financial statements:

GASB Statement No. 83, Certain Asset Retirement Obligations ("GASB 83"), requires that a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. Currently, this new standard has minimal effect on the Town's financial statements.

GASB Statement No. 85, Omnibus 2017 ("GASB 85"), seeks to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the Town's financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues ("GASB 86"), seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB

## Town of Williamston, North Carolina

### Notes to the Financial Statements

86 will be effective for the fiscal years beginning after June 15, 2017. Currently, this new standard has minimal effect on the Town's financial statements.

GASB Statement No. 88, Certain Disclosures Related to Debt ("GASB 88"), seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. GASB 88 will be effective for the fiscal years beginning after June 15, 2018. Currently, this new standard has minimal effect on the Town's financial statements.

#### **15. Future Accounting Pronouncements**

The Town is currently reviewing the financial impact of the following future accounting pronouncements.

GASB Statement No. 84, Fiduciary Activities ("GASB 84"), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The Town is reviewing this standard to determine the effect on the Town's financial statements.

GASB Statement No. 87, Leases ("GASB 87"), seeks to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The Town is reviewing this standard to determine the effect on the Town's financial statements.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* ("GASB 90"), seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-

## Town of Williamston, North Carolina Notes to the Financial Statements

purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Town is reviewing this standard to determine the effect on the Town's financial statements.

GASB Statement No. 91, Conduit Debt Obligations ("GASB 91"), seeks to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Town is reviewing this standard to determine the effect on the Town's financial statements.

### **16. Subsequent Events – Date of Management's Evaluation**

Management has evaluated subsequent events through November 30, 2019, the date which the financial statements were available to be issued.

## **F. Reconciliation of Government-Wide and Fund Financial Statements**

### **1. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$4,543,594 consists of several elements as follows:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statements in governmental activities column)	\$ 20,701,600
Less accumulated depreciation	<u>(11,511,401)</u>
Net capital assets	9,190,199
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred	169,037
Deferred outflows of resources related to pensions are not reported in the funds	867,914
Deferred outflows of resources related to OPEB are not reported in the funds	162,344
Liabilities for earned revenues considered deferred inflows of resources in fund statements	
Property taxes receivable	666,059
EMS receivables	219,341
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore are not reported in the fund statements:	
Accrued interest	(17,453)
Installment financing debt	(1,010,734)
Net other postemployment benefits liability	(3,079,936)
Compensated absences	(287,795)
Net pension liability	(1,078,057)
Total pension liability	(365,902)
Deferred inflows of resources related to OPEB are not reported in the funds	(805,444)
Deferred inflows of resources related to pensions are not reported in the funds	<u>(85,979)</u>
Total adjustment	<u>\$ 4,543,594</u>

**2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(1,175,090) as follows:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

Change in fund balance due to change in reserve for inventories	\$ (9,022)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,175,415
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(737,826)
Transfer of construction in progress to Storm Water Fund	(1,996,391)
Transfer of USDA note payable to Storm Water Fund	966,706
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	201,105
<p>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:</p>	
Installment purchase proceeds	(796,598)
Principal payments on long-term debt	270,777
<p>Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:</p>	
Change in unavailable revenue for tax revenues	34,773
Increase in accrued interest receivable on taxes	13,417
Change in unavailable revenue for EMS revenues	2,471
<p>Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund statements:</p>	
Accrued interest	196
Pension expense - LGERS	(257,961)
Pension expense - LEOSSA	(34,015)
Compensated absences	(18,588)
Other postemployment benefits plan expense	10,451
Total adjustment	<u>\$ (1,175,090)</u>



## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

#### 1. Noncompliance with North Carolina General Statutes

None reported

#### 2. Contractual Violations

None reported

### B. Deficit in Fund Balance or Net Position of Individual Funds

The following individual funds had deficit fund balances as of June 30, 2019:

CDBG Downtown Redevelopment Grant Fund	\$3,145
Fire Department Capital Project Fund	\$12,100
Police Department Capital Project Fund	\$73,105

The Town will draw down funds on approved grants and loans in fiscal year 2020 to eliminate these deficit fund balances.

### C. Excess of Expenditures over Appropriations

Expenditures exceeded the amounts appropriated in the annual budget ordinance for the following departments:

General Fund – Debt Service	\$12,744
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## 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 agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town

## Town of Williamston, North Carolina Notes to the Financial Statements

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 \$2,171,388 and a bank balance of \$2,285,569. Of the bank balance, \$484,441 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$150.

### 2. Investments

At June 30, 2019, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Value	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 3,125,218	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	<u>6,649,532</u>	.11 years	Unrated
Total Investments		<u><u>\$ 9,774,750</u></u>		

The above investment figures for the North Carolina Capital Management Trust – Government Portfolio include a Fiduciary Fund that had funds invested in the amount of \$18,401. Fiduciary Funds do not appear on the Statement of Net Position.

\* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

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 of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

**Interest Rate Risk:** The Town has no formal investment policy regarding interest rate risk.

**Credit risk:** The Town has no formal policy regarding credit risk. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

## Town of Williamston, North Carolina Notes to the Financial Statements

### OPEB Trust Fund Investments

At June 30, 2019, the Town of Williamston Healthcare Benefits (HCB) Plan Fund had \$836,691 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Trust was invested as follows: State Treasurer's STIF 22.31%; State Treasurer's Non-Pension Fixed Income Fund (BIF) 13.81% and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund 63.88%.

At June 30, 2019, the Town's OPEB Trust Fund investment balances were as follows:

Investment Type	Valuation Measurement Method	Value	Less than 1 Year	1-5 Years	6-10 Years
NC Short Term Investment Fund (STIF)	Fair Value - Level 1	\$ 186,698	\$ -	\$ -	\$ 186,698
Blackrock MSCI ACWI EQ Index Non-Lendable Class B Fund	Fair Value - Level 1	534,476	N/A	N/A	N/A
North Carolina Non Pension Fixed Income	Fair Value - Level 1	115,517	-	-	115,517
Total OPEB Trust Fund Investments		\$ 836,691	\$ -	\$ -	\$ 302,215

**Interest Rate Risk:** The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.4 years at June 30, 2019. The State Treasurer's Non-Pension Fixed Income Fund (BIF) is unrated and had a weighted average maturity of 8.24 years at June 30, 2019.

**Credit Risk:** The Town does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments. The STIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's STIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**3. Receivables – Allowances for Doubtful Accounts**

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts Receivable	Taxes Receivable	Interest Receivable	Due from Other Governments	Total
<b>Governmental activities:</b>					
General	\$ 254,611	\$ 740,640	\$ 169,037	\$ 468,880	\$ 1,633,168
Total receivables	254,611	740,640	169,037	468,880	1,633,168
Allowance for doubtful accounts	(34,737)	(74,581)	-	-	(109,318)
Total governmental activities	<u>\$ 219,874</u>	<u>\$ 666,059</u>	<u>\$ 169,037</u>	<u>\$ 468,880</u>	<u>\$ 1,523,850</u>
<b>Business-type activities</b>					
Water and sewer	\$ 509,410	\$ -	\$ -	\$ -	\$ 509,410
Storm water	6,931	-	-	-	6,931
Allowance for doubtful accounts	(177,472)	-	-	-	(177,472)
Total business-type activities	<u>\$ 338,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,869</u>

The due from other governments that is owed to the Town consists of the following:

**General Fund:**

Sales tax refund	\$ 56,498
Local option sales tax	195,815
Utility franchise tax	94,801
NC Department of Public Safety - Regional Response Team Grant	14,658
Martin County - fire district taxes	32,098
Martin County - vehicle taxes	69,796
Solid waste disposal tax	996
US Department of Justice - Bullet Proof Vest Program	4,218
Total	<u>\$ 468,880</u>

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**4. Capital Assets**

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

	Beginning Balances	Increases and Transfers	Decreases and Transfers	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 733,411	\$ -	\$ -	\$ 733,411
Construction in progress	1,925,863	291,948	1,996,391	221,420
Total capital assets not being depreciated	<u>2,659,274</u>	<u>291,948</u>	<u>1,996,391</u>	<u>954,831</u>
<b>Capital assets being depreciated:</b>				
Buildings	3,500,338	11,556	-	3,511,894
Land improvements	2,040,772	12,150	-	2,052,922
Equipment and furniture	2,098,501	40,330	-	2,138,831
Vehicles and motorized equipment	4,006,054	819,431	22,912	4,802,573
Infrastructure	7,240,549	-	-	7,240,549
Total capital assets being depreciated	<u>18,886,214</u>	<u>883,467</u>	<u>22,912</u>	<u>19,746,769</u>
<b>Less accumulated depreciation for:</b>				
Buildings	2,572,091	62,945	-	2,635,036
Land improvements	1,101,928	96,222	-	1,198,150
Equipment and furniture	1,679,925	105,974	-	1,785,899
Vehicles and motorized equipment	3,145,842	252,395	22,912	3,375,325
Infrastructure	2,296,701	220,290	-	2,516,991
Total accumulated depreciation	<u>10,796,487</u>	<u>\$ 737,826</u>	<u>\$ 22,912</u>	<u>11,511,401</u>
Total capital assets being depreciated, net	<u>8,089,727</u>			<u>8,235,368</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 10,749,001</u>			<u>\$ 9,190,199</u>

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

General government	\$ 32,230
Public safety	240,679
Transportation	232,536
Economic and physical development	13,252
Environmental protection	30,728
Cultural and recreational	188,401
Total depreciation expense	<u>\$ 737,826</u>

(1) The Town transferred \$1,996,391 of storm water construction in progress and \$966,706 of related debt from the governmental to the business-type activities in the fiscal year ended June 30, 2019. (See Note IIIC).

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

	Beginning Balances Restated	Increases and Transfers	Decreases and Transfers	Ending Balances
<b>Business-type activities:</b>				
<b>Water and Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 112,022	\$ -	\$ -	\$ 112,022
Construction in progress	4,263,280	41,410	4,304,690	-
Total capital assets not being depreciated	<u>4,375,302</u>	<u>41,410</u>	<u>4,304,690</u>	<u>112,022</u>
<b>Capital assets being depreciated:</b>				
Buildings	241,512	-	-	241,512
Plant and distribution/collection systems	25,181,189	4,304,690	-	29,485,879
Equipment and furniture	549,991	-	-	549,991
Vehicles and motorized equipment	493,478	-	-	493,478
Total capital assets being depreciated	<u>26,466,170</u>	<u>4,304,690</u>	<u>-</u>	<u>30,770,860</u>
<b>Less accumulated depreciation for:</b>				
Buildings	144,930	7,908	-	152,838
Plant and distribution systems	14,436,835	714,274	-	15,151,109
Equipment and furniture	415,681	17,014	-	432,695
Vehicles and motorized equipment	349,299	39,780	-	389,079
Total accumulated depreciation	<u>15,346,745</u>	<u>\$ 778,976</u>	<u>\$ -</u>	<u>16,125,721</u>
Total capital assets being depreciated, net	<u>11,119,425</u>			<u>14,645,139</u>
<b>Water and Sewer Fund capital assets, net</b>	<u>\$ 15,494,727</u>			<u>\$ 14,757,161</u>
<b>Storm Water Fund</b>				
<b>Capital assets being depreciated:</b>				
Infrastructure	\$ -	\$ 1,996,391	\$ -	\$ 1,996,391
Total capital assets being depreciated	<u>-</u>	<u>1,996,391</u>	<u>-</u>	<u>1,996,391</u>
<b>Less accumulated depreciation for:</b>				
Infrastructure	-	27,728	-	27,728
Total accumulated depreciation	<u>-</u>	<u>\$ 27,728</u>	<u>\$ -</u>	<u>27,728</u>
Total capital assets being depreciated, net	<u>-</u>			<u>1,968,663</u>
<b>Storm Water Fund capital assets, net</b>	<u>\$ -</u>			<u>\$ 1,968,663</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 15,494,727</u>			<u>\$ 16,725,824</u>

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**5. Construction Commitments**

The Town has active construction projects as of June 30, 2019. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Oakley Collier Architects - Fire Department	\$ 59,900	\$ 18,500
Oakley Collier Architects - Police Department	95,900	30,500
Total	<u>\$ 155,800</u>	<u>\$ 49,000</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Customer Deposits	Other	Total
<b>Governmental Activities:</b>						
General	\$ 48,464	\$ 154,680	\$ 17,453	\$ -	\$ 20,306	\$ 240,903
Total governmental activities	<u>\$ 48,464</u>	<u>\$ 154,680</u>	<u>\$ 17,453</u>	<u>\$ -</u>	<u>\$ 20,306</u>	<u>\$ 240,903</u>
<b>Business-type Activities:</b>						
Water and sewer	\$ 2,175	\$ 22,530	\$ 21,987	\$ 154,664	\$ -	\$ 201,356

**2. Pension Plan and Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

**Plan Description.** The Town of Williamston 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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](http://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

## Town of Williamston, North Carolina Notes to the Financial Statements

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Williamston employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Williamston's contractually required contribution rate for the year ended June 30, 2019, was 8.00% of compensation for law enforcement officers and 7.25% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Williamston were \$264,095 for the year ended June 30, 2019.

**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, 2019, the Town reported a liability of \$1,250,936 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update



**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.05273%, which was a decrease of 0.00040% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$346,148. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 192,990	\$ 6,476
Changes of assumptions	331,950	-
Net difference between projected and actual earnings on pension plan investments	171,716	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,612	2,962
Town contributions subsequent to the measurement date	281,750	-
<b>Total</b>	<b>\$ 980,018</b>	<b>\$ 9,438</b>

\$281,750 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2020	\$ 332,004
2021	217,534
2022	39,395
2023	99,897
2024	-
Thereafter	-

**Actuarial Assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

## Town of Williamston, North Carolina Notes to the Financial Statements

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.00%. All rates of return and inflation are annualized.

**Discount rate.** The discount rate used to measure the total pension liability was 7.00%. 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

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Town’s proportionate share of the net pension 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
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Town's proportionate share of the net pension liability (asset)	\$ 3,004,856	\$ 1,250,936	\$ (214,668)
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***Pension plan fiduciary net position.*** Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**b. Law Enforcement Officers Special Separation Allowance**

***1. Plan Description***

The Town of Williamston administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>19</u>
Total	<u><u>19</u></u>

**2. Summary of Significant Accounting Policies:**

**Basis of Accounting.** The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

**4. Contributions**

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid no as benefits as none 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, 2019, the Town reported a total pension liability of \$365,902. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$34,015.

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 50,419
Changes of assumptions	23,334	27,426
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 23,334</b>	<b>\$ 77,845</b>

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources related to pensions and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2020	\$ (9,272)
2021	(9,272)
2022	(9,272)
2023	(9,272)
2024	(8,408)
Thereafter	(9,015)

**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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 415,087	\$ 365,902	\$ 322,329

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

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

	2019	2018	2017
Beginning balance	\$ 362,173	\$ 339,901	\$ 311,753
Service cost	31,842	26,416	29,682
Interest on the total pension liability	11,445	13,120	11,130
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(16,681)	(49,176)	-
Changes of assumptions or other inputs	(22,877)	31,912	(12,664)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 365,902</u>	<u>\$ 362,173</u>	<u>\$ 339,901</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Following is information related to the proportionate share and pension expense for all pension plans:

## Town of Williamston, North Carolina Notes to the Financial Statements

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 346,168	\$ 34,015	\$ 380,183
Pension Liability	1,250,936	365,902	1,616,838
Proportionate share of the net pension liability	0.05273%	N/A	
 Deferred Outflows of Resources			
Differences between expected and actual experience	192,990	-	192,990
Changes of assumptions	331,950	23,334	355,284
Net difference between projected and actual earnings on plan investments	171,716	-	171,716
Changes in proportion and difference between contributions and proportionate share of contributions	1,612	-	1,612
Contributions, benefit payments and administrative costs paid subsequent to the measurement date	281,750	-	281,750
 Deferred Inflows of Resources			
Differences between expected and actual experience	6,476	50,419	56,895
Changes of assumptions	-	27,426	27,426
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and difference between contributions and proportionate share of contributions	2,962	-	2,962

### c. Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 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, 2019 were \$112,867, which consisted of \$42,987 from the Town and \$69,880 from the law enforcement officers and other employees not engaged in law enforcement. No amounts were forfeited.

The Town also offers its general employees the option to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Regardless of the employees' elective deferral, the Town does not contribute to the plan.

**d. Other Postemployment Benefit**

**Plan Description**

**Plan administration.** Under the terms of a Town resolution, the Town administers the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan that is used to provide postemployment benefits to employees hired before July 1, 2013 to cover retirees of the Town who retire (under early, normal or disabled retirement conditions) from the North Carolina Local Government Employees' Retirement System (NCLGERS) and must meet certain requirements in order to qualify for OPEB upon retirement. Only those that retire due to becoming permanently disabled while performing a job-related duty qualify for OPEB as a disabled employee. As of July 1, 2013, the plan has been closed to new entrants. The plan, which has a June 30, 2019 year end, does not issue a stand-alone report.

A) Employees with at least 11 years of service with the Town as of July 1, 2013 qualify for OPEB.

B) Employees with less than 11 years of service with the Town as of July 1, 2013 must have the last 11 years of service with the Town of Williamston, and must meet one of the requirements in section 1 or section 2 to qualify for OPEB upon retirement.

- 1) Employees excluding full-time Law Enforcement:
  - i. Employees younger than age 60 that have 20 years of NCLGERS service qualify for OPEB.
  - ii. Employees age 60 (age 55 for Fire Engineer/EMT) and older that have 11 years of NCLGERS service qualify for OPEB.
  
- 2) Full-time Law Enforcement:
  - i. Employees age 50 to 54 that have 15 years of NCLGERS service qualify for OPEB.
  - ii. Employees age 55 and older that have 11 years of NCLGERS service qualify for OPEB.

Employees hired July 1, 2013 or later are not eligible for OPEB.

Management of the HCB Plan is vested in the Town of Williamston Board of Commissioners.

**Plan membership.** At June 30, 2019, the HCB Plan membership consisted of the following:

Membership	2018
Inactive plan members or beneficiaries currently receiving benefit payments	25
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	51
Total	76



## Town of Williamston, North Carolina Notes to the Financial Statements

**Benefits provided.** Health care, prescription drug coverage, dental coverage and life insurance are provided in the Town's group health plan to retirees under Medicare age. Vision coverage is available at the retirees' expense. In addition, the Town will reimburse retirees participating in the group health plan up to \$750 of group medical insurance deductibles incurred by the retiree during the plan year once the retiree has met the first \$1,500 up to \$2,250 of the retiree only (not including dependents) deductible expense, and up to \$2,000 for employees who pay from \$3,000 up to the current \$5,000 deductible and \$5,000 out-of-pocket maximum.

A standard Medicare Supplement Plan providing health care only may be paid for retirees once they reach Medicare eligibility age. Dental, vision and life insurance are available at the Medicare eligible retirees' expense, as is prescription drug coverage. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates under certain conditions as explained below. The Town Board of Commissioners may amend the benefit provisions.

**Dependent coverage.** The retiree may continue dependent coverage (and pay the full premium for this coverage) if enrolled in dependent coverage at the time of retirement. The Town will contribute 50% of the cost of dependent dental insurance. Dependent coverage terminates upon the retiree becoming eligible for Medicare (attaining age 65), upon the spouse becoming eligible for Medicare (attaining age 65) or upon the retirees' death, whichever comes first.

**Contributions.** The Town Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The Town contributes toward the cost of retiree health, dental and life insurance premiums until the retiree becomes eligible for Medicare. The Town contributes 50% of the total retiree and dependent dental and life insurance premiums. Retiree life is determined as a factor of 1 times annual salary at retirement rounded to the next highest \$1,000, with a \$100,000 maximum. Retiree life benefits reduce by 50% at age 55. Town contributions for dental coverage and life insurance cease at age 65.

For employees retired before June 16, 2008, coverage in the group health plan will continue until the retiree becomes Medicare eligible. The Town pays based on the schedule below:

<b>Employees Retired Before June 16, 2008</b>		
<b>Years of Service with Town at Retirement</b>	<b>Town Contribution Toward Employee Only Coverage</b>	
	<b>Pre-65</b>	<b>Post-65</b>
20 or more	100%	0%
17-19	100%	0%
14-16	100%	0%
11-13	100%	0%
0-10	100%	0%

For employees retired after June 16, 2008 and before July 1, 2013, coverage in the group health plan will continue until the retiree becomes Medicare eligible, at which time coverage can be converted to a Medicare Supplement Plan with the Town paying a percentage of the Medicare Supplement Plan premium. The Town pays based on the schedule below:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

<b>Employees Retired Between June 16, 2008 and July 1, 2013</b>		
<b>Years of Service with Town at Retirement</b>	<b>Town Contribution Toward Employee Only Coverage</b>	
	<b>Pre-65</b>	<b>Post-65</b>
20 or more	100%	100%
17-19	100%	75%
14-16	100%	50%
11-13	100%	25%
0-10	100%	0%

For employees retiring on or after July 1, 2013, coverage in the group health plan may continue until the retiree becomes Medicare eligible, at which time coverage can be converted to a Medicare Supplement Plan with the Town paying a percentage or dollar amount of the Medicare Supplement Plan premium. The benefits vary based on the schedules below:

<b>Employees with at least 11 Years of Service with the Town as of July 1, 2013</b>		
<b>Years of Service with Town at Retirement</b>	<b>Town Contribution Toward Employee Only Coverage</b>	
	<b>Pre-65</b>	<b>Post-65</b>
20 or more	100%	100%
17-19	100%	75%
14-16	100%	50%
11-13	100%	25%

<b>Employees with less than 11 Years of Service with the Town as of July 1, 2013</b>		
<b>Years of Service with Town at Retirement</b>	<b>Town Contribution Toward Employee Only Coverage</b>	
	<b>Pre-65</b>	<b>Post-65 Cap</b>
20 or more	100%	\$125.00
17-19	75%	\$93.75
14-16	50%	\$62.50
11-13	25%	\$31.25

Per a Town resolution dated October 7, 2013, the Town created an Other Post-Employment Benefits (OPEB) Trust Fund to be administered by the NC Department of State Treasurer. The Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the Town contributed \$165,949. The Fund is accounted for as a trust fund.

## Town of Williamston, North Carolina Notes to the Financial Statements

### Investments

**Investment policy.** The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's policies discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Bond Index Fund	10.0%	
Equity Index Fund	65.0%	
Short Term Investment fund	25.0%	
Total	100.0%	5.5%

**Rate of return.** For the year ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense, was 4.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

Total OPEB liability	\$ 4,455,462
Plan fiduciary net position	<u>836,691</u>
Town's net OPEB liability	<u><u>\$ 3,618,771</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 18.78%

**Actuarial assumptions.** The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

## Town of Williamston, North Carolina Notes to the Financial Statements

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	5.25%
Municipal Bond Index Rate	
Prior measurement date	3.89%
Measurement date	3.50%
Year FNP is projected to be depleted	
Prior measurement date	2025
Measurement date	2030
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.97%
Measurement date	3.68%
Healthcare cost trends	
Pre-Medicare	7.75% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

The discount rate used to measure the TOL was based upon the Single Equivalent Interest Rate (SEIR).

Total OPEB liabilities were rolled forward to June 30, 2019 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected

## Town of Williamston, North Carolina Notes to the Financial Statements

future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of June 30, are presented above.

**Discount rate (SEIR).** The discount rate used to measure the TOL as of the Measurement Date was 3.68%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- Active employees do not explicitly contribute to the Plan.
- In all years, the employer contributes \$100,000 to the OPEB trust. The employer then pays benefits to plan members from the trust as the benefits come due.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2025 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 5.25% on Plan investments was applied to periods through 2025 and the Municipal Bond Index Rate at the Measurement Date (3.50%) was applied to periods on and after 2025, resulting in an SEIR at the Measurement Date (3.68%). As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.97% at the Prior Measurement Date to 3.68% at the Measurement Date.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

### ***Sensitivity of the net OPEB liability to changes in the discount rate.***

The following presents the net OPEB liability of the Town at June 30, 2019, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.68 percent) or 1-percentage-point higher (4.68 percent) than the current discount rate:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

	<b>1% Decrease (2.68%)</b>	<b>Discount Rate (3.68%)</b>	<b>1% Increase (4.68%)</b>
Net OPEB liability	\$ 4,347,322	\$ 3,618,771	\$ 3,032,933

***Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.***

The following presents the net OPEB liability of the Town at June 30, 2019, as well as what the Town's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<b>1% Decrease (Pre-Medicare 6.25% decreasing to 3.75%) (Medicare 4.38% decreasing to 3.75%)</b>	<b>Pre-Medicare Healthcare Cost Trend Rate (7.25% decreasing to 4.75%), Medicare Healthcare Cost Trend Rate (5.38% decreasing to 4.75%)</b>	<b>1% Increase (Pre-Medicare 8.25% decreasing to 5.75%) (Medicare 6.38% decreasing to 5.75%)</b>
Net OPEB liability	\$ 2,970,783	\$ 3,618,771	\$ 4,433,546

***Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.***

At June 30, 2019, the Town reported a net OPEB liability of \$3,618,771. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the net OPEB liability of the Town, measured as of June 30, 2018, were as follows:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

	<b>Total OPEB Liability</b>	<b>Plan Net Position</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2018	\$ 4,892,518	\$ 695,168	\$ 4,197,350
Changes for the year:			
Service cost	146,727	-	146,727
Interest	192,295	-	192,295
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(912,277)	-	(912,277)
Changes of assumptions	234,798	-	234,798
Contributions - employer		198,599	(198,599)
Net investment income		41,523	(41,523)
Benefit payments	(98,599)	(98,599)	-
Net change in total OPEB liability	(437,056)	141,523	(578,579)
Balances at June 30, 2019	<u>\$ 4,455,462</u>	<u>\$ 836,691</u>	<u>\$ 3,618,771</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.97 percent in 2017 to 3.68 percent in 2018. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The Excise Tax of 40 percent on health care plans that are above the thresholds set by the Affordable Care Act are effective in 2022 and have been reflected.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$128,352. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 760,176
Changes of assumptions	190,746	182,184
Net difference between projected and actual earnings on plan investments	-	3,997
Total	<u>\$ 190,746</u>	<u>\$ 946,357</u>

There were no amounts reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**Year Ended June 30:**

2020	\$ (169,723)
2021	(169,723)
2022	(169,725)
2023	(168,546)
2024	(77,894)
Thereafter	-

**3. Other Employment Benefits**

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**4. Deferred Outflows and Inflows of Resources**

The Town has several deferred outflows of resources. Deferred outflows of resources at year-end are comprised of the following:

Source	Amount
Differences between expected and actual experience	\$ 192,990
Changes of assumptions	546,030
Net difference between projected and actual earnings on pension plan investments	171,716
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,612
Town contributions subsequent to the measurement date	281,750
Benefit payments made and administrative expenses for LEOSSA	-
Total	<u>\$ 1,194,098</u>



**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

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

Source	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 5,040	\$ 5,040
Property taxes receivable (General Fund)	-	666,059
EMS receivable (General Fund)	-	219,341
Changes in assumptions	209,610	-
Differences between expected and actual experience	817,071	-
Net difference between projected and actual earnings on plan investments	3,997	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,962	-
Total	\$ 1,038,680	\$ 890,440

**5. 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 two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools the Town obtains general liability and auto liability coverage of \$3,000,000, police professional liability of \$2,000,000 and public official's liability of \$1,000,000 per occurrence; property coverage up to the total insured values of the property policy, and workers' compensation up to \$1,000,000. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance and excess insurance coverage policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible for and has purchased coverage of \$604,100 for Town Hall and the Wastewater Treatment Plant through the NFIP.

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 and tax collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**6. Claims, Judgments and Contingent Liabilities**

According to the Town Attorney, at June 30, 2019, there are no pending or threatened litigation, claims or assessments against the Town.

**7. Long-Term Obligations**

**a. Installment Purchase**

On November 15, 2018, the Town entered into an installment purchase contract to finance a Ford E-450 ambulance. The financing contract requires three annual principal payments of \$28,446 plus interest at 2.97% per annum. The future minimum payments of the installment purchase as of June 30, 2019, including \$5,069 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 28,446	\$ 2,535	\$ 30,981
2021	28,447	1,689	30,136
2022	28,446	845	29,291
Totals	\$ 85,339	\$ 5,069	\$ 90,408

On November 15, 2018, the Town entered into an installment purchase contract to finance a Pierce Pumper fire truck. The financing contract requires six annual principal payments of \$94,233 plus interest at 3.27% per annum. The future minimum payments of the installment purchase as of June 30, 2019, including \$64,710 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 94,233	\$ 18,488	\$ 112,721
2021	94,232	15,408	109,640
2022	94,233	12,325	106,558
2023	94,232	9,245	103,477
2024	94,233	6,162	100,395
2025	94,232	3,082	97,314
Totals	\$ 565,395	\$ 64,710	\$ 630,105

**b. US Department of Agriculture Note Payable**

On January 10, 2018 the Town entered into a contract to finance the construction of drainage and infrastructure improvements of \$1,030,000. As of June 30, 2019, the Town has drawn down loan proceeds of \$898,954. The financing contract requires annual payments of \$39,326 including interest at 2.25% per annum, beginning January 9, 2019 through January 9, 2054. The future minimum payments of the note payable as of June 30, 2019, including \$424,279 of interest, are as follows:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 18,174	\$ 21,152	\$ 39,326
2021	18,582	20,744	39,326
2022	19,001	20,325	39,326
2023	19,428	19,898	39,326
2024	19,865	19,461	39,326
2025-2029	106,236	90,394	196,630
2030-2034	118,737	77,893	196,630
2035-2039	132,710	63,920	196,630
2040-2044	148,327	48,303	196,630
2045-2049	165,781	30,849	196,630
2050-2054	173,265	11,340	184,605
Totals	\$ 940,106	\$ 424,279	\$ 1,364,385

Current fiscal year interest of \$11,773 has been reported as an expense on the Statement of Activities.

**c. Installment Purchase**

In October 2016, the Town entered into an installment purchase contract to finance reconstruction of streets in an annexation area and resurfacing of existing streets. The financing contract requires annual principal payments of \$120,000 with an interest rate of 1.73%.

The future minimum payments of the installment purchase as of June 30, 2019, including \$12,456 of interest, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 120,000	\$ 6,228	\$ 126,228
2021	120,000	4,152	124,152
2022	120,000	2,076	122,076
Totals	\$ 360,000	\$ 12,456	\$ 372,456

Current fiscal year interest of \$6,546 has been reported as an expense on the Statement of Activities.

**d. NC Clean Water Revolving Loan**

The Town is financing a wastewater treatment plant renovation by means of a NC Clean Water Revolving Loan. The financing contract requires annual principal payments of \$308,275 plus semi-annual interest payments at the rate of 2.6% per annum on or before November 1 and May 1.

The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2019, including \$24,045 of interest, are as follows:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 308,275	\$ 16,030	\$ 324,305
2021	308,274	8,015	316,289
Totals	<u>\$ 616,549</u>	<u>\$ 24,045</u>	<u>\$ 640,594</u>

Related interest expense for the year ended June 30, 2019 in the amount of \$22,728 has been reported as a direct water and sewer functional expense on the Statement of Activities.

***e. NC Clean Water Revolving Loan***

The Town is financing a sanitary sewer rehabilitation project by means of a NC Clean Water Revolving Loan. The financing contract requires annual debt service payments of \$52,065 due on May 1. The interest rate on this loan is 0%. The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2019, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 52,065	\$ -	\$ 52,065
2021	52,065	-	52,065
2022	52,065	-	52,065
2023	52,066	-	52,066
2024	52,065	-	52,065
2025-2029	260,327	-	260,327
2030-2034	260,326	-	260,326
Totals	<u>\$ 780,979</u>	<u>\$ -</u>	<u>\$ 780,979</u>

***f. NC Drinking Water Revolving Loan***

The Town is financing a water system control improvements project by means of a NC Drinking Water Revolving Loan. The financing contract requires annual debt service payments of \$62,553 due on May 1. The interest rate on this loan is 0%. The future minimum payments of the NC Drinking Water Revolving Loan as of June 30, 2019, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 62,553	\$ -	\$ 62,553
2021	62,553	-	62,553
2022	62,553	-	62,553
2023	62,552	-	62,552
2024	62,553	-	62,553
2025-2029	312,764	-	312,764
2030-2034	312,763	-	312,763
Totals	<u>\$ 938,291</u>	<u>\$ -</u>	<u>\$ 938,291</u>

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**g. NC Clean Water Revolving Loan**

As of June 30, 2019, the Town had drawn \$3,650,162 of an approved \$4,230,300 NC Clean Water Revolving Loan related to water and sewer line improvements in Annexation Area A. In accordance with the rules governing the Revolving Loan program, the first payment of principal on the loan was due May 1, 2017. The actual debt balance of June 30, 2019 is \$3,102,638. The financing contract requires annual principal payments of \$182,508 plus interest at the rate of 1.84% per annum paid semiannually on or before November 1 and May 1.

The future minimum payments of the NC Clean Water Revolving Loan as of June 30, 2019, including \$513,797 of interest, are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 182,508	\$ 57,089	\$ 239,597
2021	182,508	53,730	236,238
2022	182,508	50,372	232,880
2023	182,508	47,014	229,522
2024	182,508	43,656	226,164
2025-2029	912,541	167,907	1,080,448
2030-2034	912,541	83,954	996,495
2035-2036	365,016	10,075	375,091
Totals	<u>\$ 3,102,638</u>	<u>\$ 513,797</u>	<u>\$ 3,616,435</u>

Related interest expense for the year ended June 30, 2019 in the amount of \$66,635 has been reported as a direct water and sewer functional expense on the Statement of Activities.

**h. Martin County Water Districts 1 and 2 – Capital Leases**

On December 6, 1999, the Town of Williamston entered into Water System Management Agreement with Martin County Water and Sewer District No. 1. Under the terms of this agreement, the County will construct the water lines and collect initial tap fees and deposits from customers. Upon completion of construction, the Town will manage certain assets and customers of the Water District including maintaining and repairing the water lines, reading meters, providing insurance, billing customers and collecting water revenues. The Town will retain all revenues collected from customers. The Town shall pay to the County a proportionate share of the County issued debt for this project. The debt service payments including principal and interest are equal to the proportionate share of loan proceeds used for the construction of the project (19.1%). The term of this agreement is 40 years or until the debt has been paid in full to the County by the Town for its proportionate share. Ownership of the project improvements and customers will transfer to the Town at the end of life of the project financing loan (upon final payment of the loan).

On December 2, 2005, the Town of Williamston entered into Water System Management Agreement with Martin County Water and Sewer District No. 2. The terms of this agreement are essentially the same as the agreement for Water District No. 1 described in the preceding paragraph, except that the Town will pay to the County a proportionate share equal to 48.1% of the County's debt service payments.

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

The future minimum payments to Martin County Water District No. 1 as of June 30, 2019, including \$264,036 of interest are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 20,055	\$ 22,783	\$ 42,838
2021	21,010	21,981	42,991
2022	21,965	21,140	43,105
2023	22,920	20,261	43,181
2024	22,920	19,345	42,265
2025-2029	128,925	82,207	211,132
2030-2034	156,620	53,887	210,507
2035-2039	158,530	21,497	180,027
2040	25,785	935	26,720
Totals	<u>\$ 578,730</u>	<u>\$ 264,036</u>	<u>\$ 842,766</u>

Related interest expense for the year ended June 30, 2019 in the amount of \$23,547 has been reported as a direct water and sewer functional expense on the Statement of Activities.

The future minimum payments to Martin County Water District No. 2 as of June 30, 2019, including \$1,111,213 of interest are as follows:

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 48,976	\$ 77,396	\$ 126,372
2021	49,975	74,391	124,366
2022	51,974	72,475	124,449
2023	53,973	70,476	124,449
2024	55,972	68,393	124,365
2025-2029	314,842	304,894	619,736
2030-2034	383,808	237,757	621,565
2035-2039	470,764	153,673	624,437
2040-2044	548,726	51,758	600,484
Totals	<u>\$ 1,979,010</u>	<u>\$ 1,111,213</u>	<u>\$ 3,090,223</u>

Related interest expense for the year ended June 30, 2019 in the amount of \$78,054 has been reported as a direct water and sewer functional expense on the Statement of Activities.

The following is an analysis of the assets recorded under capital leases at June 30, 2019:

Classes of Property	Water	Water	Total
	District 1	District 2	
Water Lines purchased from County	\$ 790,263	\$ 2,436,940	\$ 3,227,203
Less accumulated depreciation	(217,322)	(670,158)	(887,480)
Net Book Value	<u>\$ 572,941</u>	<u>\$ 1,766,782</u>	<u>\$ 2,339,723</u>

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**i. Changes in Long-Term Liabilities**

Compensated absences for governmental activities have typically been liquidated in the General Fund.

	<b>Restated Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2019</b>	<b>Current Portion of Balance</b>
<b>Governmental activities:</b>					
Installment purchase - Fire Truck	\$ -	\$ 565,395	\$ -	\$ 565,395	\$ 94,233
Installment purchase - Police Cars	72,665	-	72,665	-	-
Installment purchase - Ambulance	-	85,339	-	85,339	28,446
Installment purchase - Streets	480,000	-	120,000	360,000	120,000
Installment purchase - USDA	898,954	67,752	966,706	-	-
Other postemployment benefits	3,525,774	-	445,838	3,079,936	-
Compensated absences	269,207	18,588	-	287,795	115,016
Net pension liability (LGERS)	699,261	378,796	-	1,078,057	-
Total pension liability (LEOSSA)	362,173	3,729	-	365,902	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 6,308,034</b>	<b>\$ 1,119,599</b>	<b>\$ 1,605,209</b>	<b>\$ 5,822,424</b>	<b>\$ 357,695</b>
<b>Business-type activities:</b>					
NC Clean Water Revolving Loan	\$ 924,823	\$ -	\$ 308,274	\$ 616,549	\$ 308,275
NC Clean Water Revolving Loan	833,045	-	52,066	780,979	52,065
NC Clean Water Revolving Loan	2,644,711	582,421	124,494	3,102,638	182,508
Drinking Water State Revolving Loan	1,000,844	-	62,553	938,291	62,553
Martin County District 1	597,830	-	19,100	578,730	20,055
Martin County District 2	2,024,987	-	45,977	1,979,010	48,976
Installment purchase - USDA	-	966,706	26,600	940,106	18,174
Other postemployment benefits	671,576	-	132,741	538,835	-
Compensated absences	49,001	-	4,139	44,862	17,990
Net pension liability (LGERS)	112,418	60,461	-	172,879	-
<b>Business-type activity long-term liabilities</b>	<b>\$ 8,859,235</b>	<b>\$ 1,609,588</b>	<b>\$ 775,944</b>	<b>\$ 9,692,879</b>	<b>\$ 710,596</b>

At June 30, 2019, the Town of Williamston had a legal debt margin of \$24,459,643. The Town has two loans with the US Department of Agriculture in the amount of \$1,633,550 and \$2,046,200, respectively, for the construction and renovation of the Town's fire and police stations that are authorized but un-issued at June 30, 2019.

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**C. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2019, consist of the following:

**Internal Balances**

Instead of using external financing, the Water and Sewer Fund loaned money to the General Fund so that the General Fund could acquire various capital assets.

The terms of this loan are as follows:

The Water and Sewer Fund loaned the General Fund \$339,200 on July 13, 2011 with interest at 2.0% to fund the improvements to the Skinner Warehouse. Annual repayments are set at \$22,614 principal plus interest. The balance at June 30, 2019 was \$158,288. The loan will be repaid by June 2026.

\$ 158,288

Interest expense in the General Fund and the related interest income in the Water and Sewer Fund related to these internal balances was \$3,618.

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

Transfers to/from other funds at June 30, 2019, consist of the following:

**Transfers to/from Other Funds**

From the General Fund to the Fire Department Capital Project Fund	\$ 50,000
From the General Fund to the Police Department Capital Project Fund	50,000
From the Water and Sewer Fund to the Annexation Area A Capital Project Fund	43,050
From the Skewarkee Canal Capital Project Fund to the Water and Sewer Fund	<u>83,225</u>
 Total interfund transfers	 <u>\$ 226,275</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**Administrative Reimbursement of Expenses**

From Water and Sewer Fund to General Fund	<u>\$ 636,681</u>
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**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

**Interfund Transfers of Capital Assets and Related Debt**

Storm water construction and the related installment purchase debt related to the Skewarkee Canal Capital Project Fund have been transferred from the governmental activities to the business-type activities as follows:

Storm Water construction	\$ 1,996,391
Related installment purchase debt	(966,706)
Total	\$ 1,029,685

**D. On-Behalf Payments for Fringe Benefits and Salaries**

The Town has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$8,996 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen’s Relief Fund during the fiscal year ended June 30, 2019. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments. The Town has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits paid by the State of North Carolina to the Firefighters and Rescue Squad Workers’ Pension Fund in the amount of \$8,928 for the fiscal year ended June 30, 2019.

**E. Fund Balance**

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

<b>Total Fund Balance - General Fund</b>	\$ 4,373,967
Less:	
Inventories	11,235
Stabilization by state statute	469,413
Streets - Powell Bill	383,541
Restricted for Public Safety	59,226
<b>Remaining Fund Balance</b>	<b>\$ 3,450,552</b>

**IV. JOINTLY GOVERNED ORGANIZATION**

The Town, in conjunction with five counties and various other municipalities, established the Mid-East Commission 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. The Town of Williamston paid membership fees of \$1,777 to the Council during the fiscal year ended June 30, 2019.

## **V. RELATED ORGANIZATION**

The five-member board of the Town of Williamston Housing Authority is appointed by the Commissioners of the Town of Williamston. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town is also disclosed as a related organization in the notes to the financial statements of the Williamston Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority's offices at 504 E. Main Street, Williamston, NC 27892.

## **VI. RELATED PARTY TRANSACTIONS**

No significant or improper related party transactions.

## **VII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

### **Federal and State Assisted Programs**

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

## **VIII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through November 30, 2019, the date which the financial statements were available to be issued.

In November 2017, the Town accepted a \$400,000 Department of Homeland Security Grant through the NC Department Public Safety. As of June 30, 2019, the Town has not received any grant funds or expended any funds for this grant project.

On August 6, 2018 the Town approved Capital Project Ordinances to renovate the Fire Department and Police Department at an estimated cost of \$1,082,400 and \$1,830,400. The projects are to be funded by an installment purchase contract with a local bank. The Town has received approval from the US Department of Agriculture for permanent financing of these projects in the amount of \$1,633,550 and \$2,046,220, respectively for the Fire and Police Station Capital Projects. The USDA loans will be used to refinance the construction loans for these projects. Annual payments on the USDA loans are estimated at \$97,360 for the Fire Department and \$121,954 for the Police Department including interest not to exceed 4.25% per annum for a period of 30 years each beginning in fiscal year 2021.

## **IX. Prior Period Adjustment Restatement**

The beginning fund balance in the Business-Type Activities as of July 1, 2018 has been restated to record two capital leases with the Martin County Water Districts No. 1 and 2 as described in Note III 7.h. As a result, beginning net position in the Water and Sewer Fund decreased \$283,094 as shown below:

**Town of Williamston, North Carolina**  
**Notes to the Financial Statements**

	<b>Water District 1</b>	<b>Water District 2</b>	<b>Total</b>
Water Lines purchased from County	\$ 790,263	\$ 2,436,940	\$ 3,227,203
Less accumulated depreciation	(217,322)	(670,158)	(887,480)
Net increase in capital assets	<u>572,941</u>	<u>1,766,782</u>	<u>2,339,723</u>
Lease Payable to Martin County	<u>(597,830)</u>	<u>(2,024,987)</u>	<u>(2,622,817)</u>
Net decrease in net position	<u>\$ (24,889)</u>	<u>\$ (258,205)</u>	<u>\$ (283,094)</u>

## **Required Supplementary Financial Data**

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This Section contains additional information required by generally accepted accounting principles.

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- Schedule of Investment Returns for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Schedule of Changes in Net OPEB Liability and Related Ratios for the Other Postemployment Benefits
- Schedule of the Net OPEB Liability for the Other Postemployment Benefits
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

**Town of Williamston, North Carolina  
Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Investment Returns**

<b>2019</b>	<b>2018</b>	<b>2017</b>
-------------	-------------	-------------

Annual money-weighted rate of return, net of investment expense	5.42%	4.10%	4.50%
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**Notes to the Schedule**

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Williamston, North Carolina  
Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Employer Contributions**

<b>Fiscal Year Ending June 30</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially Determined Contribution	\$ 304,130	\$ 304,130	\$ 358,132	\$ 358,132
Contribution in relation to the				
Actuarially Determined Contribution	198,599	200,849	320,456	129,234
Annual contribution deficiency (excess)	<u>\$ 105,531</u>	<u>\$ 103,281</u>	<u>\$ 37,676</u>	<u>\$ 228,898</u>
Covered payroll	\$ 2,201,000	\$ 2,189,000	\$ 2,189,000	\$ 2,189,000
Actual contributions as a percentage of covered payroll	9.02%	9.18%	14.64%	5.90%

Notes to Schedule

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Investment rate of return	5.25%
Healthcare cost trend rates	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior measurement date	3.89%
Measurement date	3.50%
Year FNP is projected to be depleted	
Prior measurement date	2025
Measurement date	2030
Single Equivalent Interest Rate net of OPEB plan	
Investment expense, including price inflation	
Prior measurement date	3.97%
Measurement date	3.68%

**Town of Williamston, North Carolina**  
**Other Postemployment Benefits**  
**Required Supplementary Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**

<b>Fiscal Year Ending June 30</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Service cost at end of year	\$ 146,727	\$ 155,475	\$ 173,489
Interest on the Total OPEB Liability	192,295	177,185	156,902
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(912,277)	(26,884)	-
Changes of assumptions or other inputs	234,798	(257,004)	(436,391)
Benefit payments*	(98,599)	(100,849)	(120,456)
<b>Net change in Total OPEB Liability</b>	<b>(437,056)</b>	<b>(52,077)</b>	<b>(226,456)</b>
<b>Total OPEB Liability - beginning</b>	<b>4,892,518</b>	<b>4,944,595</b>	<b>5,171,051</b>
<b>Total OPEB Liability - ending (a)</b>	<b>4,455,462</b>	<b>4,892,518</b>	<b>4,944,595</b>
 <b>Plan Fiduciary Net Position</b>			
Contributions - employer**	198,599	200,849	320,456
Contributions - non-employer	-	-	-
Contributions - active member	-	-	-
Net investment income	41,523	39,184	45,737
Benefit payments*	(98,599)	(100,849)	(120,456)
Administrative expense	-	-	-
Other	-	-	-
<b>Net change in Plan Fiduciary net Position</b>	<b>141,523</b>	<b>139,184</b>	<b>245,737</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>695,168</b>	<b>555,984</b>	<b>310,247</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>836,691</b>	<b>695,168</b>	<b>555,984</b>
<b>Net OPEB Liability - ending (a) - (b)</b>	<b>\$ 3,618,771</b>	<b>\$ 4,197,350</b>	<b>\$ 4,388,611</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>18.78%</b>	<b>14.21%</b>	<b>11.24%</b>

\*Benefit payments are net of participant contributions and include payments due to the implicit subsidy. Net benefit payments paid directly from the employer are also included.

\*\*Employer contributions include benefit payments paid directly from the employer.

Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Williamston, North Carolina**  
**Other Postemployment Benefits**  
**Required Supplementary Information**  
**Schedule of the Net OPEB Liability**

<b>Fiscal Year Ending June 30</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total OPEB Liability	\$ 4,455,462	\$ 4,892,518	\$ 4,944,595	\$ 5,171,051
Plan Fiduciary Net Position	836,691	695,168	555,984	310,247
Net OPEB Liability	<u>\$ 3,618,771</u>	<u>\$ 4,197,350</u>	<u>\$ 4,388,611</u>	<u>\$ 4,860,804</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	18.78%	14.21%	11.24%	6.00%
Covered payroll	\$ 2,201,000	\$ 2,189,000	\$ 2,189,000	\$ 2,189,000
Net OPEB liability as a percentage of covered payroll	164.41%	191.75%	200.48%	222.06%

Notes to Schedule

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



**Town of Williamston, North Carolina**  
**Schedule of the Proportionate Share of the Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years\***

**Local Government Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Town of Williamston's proportion of the net pension liability (asset) (%)	0.05273%	0.05313%	0.05341%	0.05246%	0.05400%	0.05310%
Town of Williamston's proportion of the net pension liability (asset) (\$)	\$ 1,250,936	\$ 811,679	\$ 1,133,539	\$ 235,438	\$ (318,463)	\$ 640,059
Town of Williamston's covered payroll	\$ 3,433,595	\$ 3,305,438	\$ 3,213,591	\$ 3,058,933	\$ 2,869,087	\$ 2,775,413
Town of Williamston's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.43%	24.56%	35.27%	7.70%	( 11.10%)	23.06%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Williamston, North Carolina**  
**Schedule of Town Contributions**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 281,750	\$ 264,095	\$ 245,462	\$ 216,799	\$ 218,990	\$ 204,434
Contributions in relation to the contractually required contribution	281,750	264,095	245,462	216,799	218,990	204,434
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Williamston's covered payroll	\$ 3,543,663	\$ 3,433,595	\$ 3,305,438	\$ 3,213,591	\$ 3,058,933	\$ 2,869,087
Contributions as a percentage of covered payroll	7.95%	7.69%	7.43%	6.75%	7.16%	7.13%

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Williamston, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Required Supplementary Information**  
**June 30, 2019**

**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 362,173	\$ 339,901	\$ 311,753
Service cost	31,842	26,416	29,682
Interest on the total pension liability	11,445	13,120	11,130
Difference between expected and actual experience	(16,681)	(49,176)	-
Changes of assumptions or other inputs	(22,877)	31,912	(12,664)
Ending balance of the total pension liability	<u>\$ 365,902</u>	<u>\$ 362,173</u>	<u>\$ 339,901</u>

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Town of Williamston, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Required Supplementary Information**  
**June 30, 2019**

**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 365,902	\$ 362,173	\$ 339,901
Covered payroll	890,310	871,207	965,493
Total pension liability as a percentage of covered payroll	41.10%	41.57%	35.20%

Notes to the schedules:

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

## Individual Fund Schedule

**Town of Williamston, North Carolina  
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual**

**For the Fiscal Year Ended June 30, 2019**

**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
<b>Ad valorem taxes</b>				
Current year	\$	\$ 2,705,101	\$	2,669,854
Prior years		133,316		116,516
Penalties and interest		52,605		34,326
Total		<u>2,784,300</u>	<u>106,722</u>	<u>2,820,696</u>
<b>Other taxes and licenses</b>				
Gross receipts tax on short-term rental property		10,367		9,767
Beer and wine licenses		360		335
Auto licenses		19,546		19,736
Auto licenses - restricted		93,649		94,969
Total		<u>107,750</u>	<u>16,172</u>	<u>124,807</u>
<b>Unrestricted intergovernmental</b>				
Local option sales taxes		1,122,649		1,140,792
Payments in lieu of taxes		4,097		3,629
Telecommunications sales tax		62,910		69,839
Utility sales tax		322,007		307,839
Piped natural gas sales tax		3,017		2,995
Video franchise fee		35,916		40,353
ABC profit distributions		18,559		22,593
Beer and wine tax		23,255		24,004
Total		<u>1,696,500</u>	<u>(104,090)</u>	<u>1,612,044</u>
<b>Restricted intergovernmental</b>				
Powell Bill allocation		165,570		171,003
Controlled substance tax		3,204		3,241
Federal Drug Forfeiture Program		43,735		4,555
Disaster Grants - Public Assistance		14,700		-
N.C. Department of Public Safety - Regional Response Team Grant		54,563		68,471
US Department of Justice bulletproof vest		4,910		-
Safe Kids Grant		-		2,259
Fire district - Martin County		258,151		263,000
Rescue squad - Martin County		167,000		180,220
Recreation - Martin County		9,677		9,677
Recreation - Martin County Board of Education		19,573		-
On-behalf of payments - Fire and Rescue		17,924		16,879
Solid waste disposal tax		3,999		3,682
Total		<u>666,698</u>	<u>96,308</u>	<u>722,987</u>

(continued)

**Town of Williamston, North Carolina  
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual**

**For the Fiscal Year Ended June 30, 2019**

**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
<b>Permits and fees</b>				
Fire code permits & inspection application fees		1,704		1,150
Court fees		625		931
Business registration fees		15		30
Total	3,560	2,344	(1,216)	2,111
<b>Sales and services</b>				
EMS collections		466,336		456,459
EMS - Medicaid cost settlement		29,737		69,452
Recreation fees and rents		22,989		20,527
Cemetery revenues		64,875		56,200
Rooks cemetery maintenance funds		5,648		3,907
Police department		1,569		1,905
Zoning		2,315		3,895
Street, driveways and lot cleaning		725		700
Total	637,623	594,194	(43,429)	613,045
<b>Investment earnings</b>	54,000	95,773	41,773	50,477
<b>Miscellaneous</b>				
Miscellaneous		3,194		3,775
Total	249,137	3,194	(245,943)	3,775
Total revenues	6,199,568	6,065,865	(133,703)	5,949,942
<b>EXPENDITURES</b>	6,414,466	6,007,863	406,603	5,537,087
Revenues over (under) expenditures	(214,898)	58,002	272,900	412,855

(continued)

**Town of Williamston, North Carolina  
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual**

**For the Fiscal Year Ended June 30, 2019**

**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance - Powell Bill	29,970	-	(29,970)	-
Sale of capital assets	1,000	6,700	5,700	4,690
Insurance claims	4,000	20,520	16,520	5,668
Installment purchase proceeds	279,928	163,451	(116,477)	-
Transfers to other funds:				
Capital Projects Fund	(100,000)	(100,000)	-	(32,583)
Total other financing sources (uses)	<u>214,898</u>	<u>90,671</u>	<u>(124,227)</u>	<u>(22,225)</u>
Revenues and other financing sources over expenditures and other uses	<u>\$ -</u>	148,673	<u>\$ 148,673</u>	390,630
<b>FUND BALANCE, BEGINNING</b>		4,234,316		3,830,316
Change in reserve for inventories		<u>(9,022)</u>		<u>13,370</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 4,373,967</u>		<u>\$ 4,234,316</u>



Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		2018	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>GENERAL GOVERNMENT</b>				
<b>Governing body and administration:</b>				
Salaries - elected officials	\$	\$ 33,893	\$	\$ 34,015
Salaries - regular		356,233		349,178
FICA tax		28,933		27,329
Group insurance		113,699		92,945
Retirement		27,532		25,706
Professional services		101,160		75,595
Employee training		3,975		5,376
Board training		4,815		3,261
Telephone		4,869		4,612
Postage		6,243		2,149
Travel / meetings		5,644		5,572
Repairs - equipment		3		4,447
Equipment - rents, leases		12,172		14,129
Advertising		3,195		5,821
Automotive supplies		288		425
Office supplies		6,472		5,488
Department supplies		960		1,204
Bank charges		103		690
Garbage collection		-		344
Contracted services		724		-
Govdeals auction fees		646		352
Taxes - Town owned property		244		1,001
Dues		1,128		1,533
Insurance		8,783		8,969
Miscellaneous		2,946		1,132
Tax collection fees		11,751		11,733
Capital outlay		5,056		-
Small expendable equipment		2,987		5,583
Contingency		1,007		-
Enterprise fund administration		(636,681)		(657,827)
Total	156,510	108,780	47,730	30,762
<b>Planning department:</b>				
Salaries - regular		104,585		113,291
FICA tax		8,209		8,584
Group insurance		10,711		9,092
Retirement		7,007		7,310
Professional services		268		384
Marketing Town of Williamston		3,705		5,458
Employee training		2,271		2,042
Telephone		1,414		1,159
Postage		853		347
Travel / meetings		231		380
Repairs - equipment		7		110

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		2018
	Budget	Actual	Actual
<b>Planning department, continued</b>			
Repairs - vehicles		26	27
Advertising		54	827
Automotive supplies		297	255
Office supplies		87	279
Department supplies		248	398
Contracted services		25,650	-
Code enforcement		19,909	9,838
Dues		19	613
Insurance		591	514
Miscellaneous		-	611
Small expendable equipment		3,891	24,183
<b>Total</b>	<b>231,446</b>	<b>190,033</b>	<b>185,702</b>
<b>Public buildings:</b>			
Salaries - regular		13,928	13,234
FICA tax		1,108	1,009
Utilities		13,042	11,661
Repairs - buildings and grounds		3,304	10,094
Repairs - equipment		-	1,606
Department supplies		3,578	3,719
Bank charges		44	42
Garbage collection		1,710	973
Contracted services		-	70
Insurance		8,110	7,714
Small expendable equipment		381	-
<b>Total</b>	<b>51,621</b>	<b>45,205</b>	<b>50,122</b>
<b>Town garage:</b>			
Salaries - regular		122,941	120,044
FICA tax		8,667	8,099
Group insurance		17,131	16,254
Retirement		9,813	8,871
Professional services		147	184
Employee training		70	-
Telephone		319	253
Utilities		2,038	2,638
Repairs - buildings and grounds		2,112	37,680
Repairs - equipment		4,858	1,515
Leases		-	104
Automotive supplies		810	1,565
Department supplies		3,282	3,449
Bank charges		78	76

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		2018
	Budget	Actual	Actual
<b>Town garage, continued</b>			
Uniforms		1,717	1,640
Garbage collection		1,502	1,280
Contracted services		3,667	2,060
Insurance		4,243	3,625
Miscellaneous		109	19
Capital outlay		11,090	-
Small expendable equipment		2,260	1,529
<b>Total</b>	<b>216,423</b>	<b>196,854</b>	<b>19,569</b>
			<b>210,885</b>
<b>Total general government</b>	<b>656,000</b>	<b>540,872</b>	<b>115,128</b>
			<b>477,471</b>
<b>PUBLIC SAFETY</b>			
<b>Police department:</b>			
Salaries - regular		947,147	868,072
Salaries - temporary		52,637	58,978
FICA tax		78,728	68,456
Group insurance		109,021	101,321
Retirement		134,007	117,630
Professional services		17,674	26,084
Employee training		9,394	13,762
Telephone		12,821	12,684
Postage		307	149
Travel		53	160
Repairs - equipment		5,956	5,363
Repairs - vehicles		13,477	10,590
Advertising		-	135
Automotive supplies		48,824	48,407
Office supplies		1,493	1,685
Department supplies		10,551	6,777
Bank charges		621	586
Uniforms		14,100	15,471
Dues		1,204	1,162
Insurance		46,576	38,255
Drug control		8,000	7,000
Drug and federal forfeiture tax		-	13,789
Miscellaneous		1,117	1,352
Community involvement		1,365	1,073
Hurricane Matthew		829	-
Capital outlay		116,786	78,449
Small expendable equipment		19,434	4,033
<b>Total</b>	<b>1,718,022</b>	<b>1,652,122</b>	<b>65,900</b>
			<b>1,501,423</b>

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		2018
	Budget	Actual	Actual
<b>Fire department:</b>			
Salaries - regular		255,063	298,866
Salaries - temporary		4,496	2,280
Supplemental retirement and other benefits		9,992	9,992
FICA tax		19,975	22,228
Group insurance		39,866	38,033
Retirement		20,595	22,393
On-behalf payments - FRSWPF		12,728	12,317
Professional services		5,262	4,842
Employee training		3,445	4,312
Telephone		5,603	5,517
Postage		294	196
Utilities		386	564
Travel		90	271
Repairs - buildings and grounds		448	53
Repairs - equipment		51,849	57,893
Automotive supplies		18,280	21,217
Office supplies		-	253
Department supplies		1,916	2,784
Bank charges		316	298
Uniforms		3,710	4,741
Garbage collection		664	937
Dues		947	824
Insurance		32,966	28,325
Miscellaneous		811	1,134
Lightning strike		398	-
Capital outlay		2,586	21,000
Small expendable equipment		45,575	25,205
Total	583,344	538,261	586,475
<b>Regional response team:</b>			
Salaries - training		2,055	3,350
FICA tax		316	-
Professional services		15,000	15,000
Employee training		14,490	20,707
Telephone		456	566
Travel		-	400
Equipment repair		4,812	4,118

(continued)

**Town of Williamston, North Carolina**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Regional response team, continued</b>				
Department supplies		1,437		2,688
Uniforms		1,868		2,265
Garbage collection		649		-
Insurance		5,000		5,000
Capital outlay		-		26,673
Small expendable equipment		2,911		9,728
Total	77,100	48,994	28,106	90,495
<b>Rescue squad:</b>				
Salaries - regular		507,587		467,335
Salaries - temporary		24,487		17,480
Supplemental retirement		-		720
FICA tax		40,739		35,377
Group insurance		70,228		65,083
Retirement		41,356		34,644
On-behalf payments - FRSWPF		5,196		4,562
Professional services		45,438		44,033
Employee training		2,297		2,200
Telephone		2,313		2,337
Postage		112		8
Utilities		12,712		14,212
Travel		180		256
Repairs - buildings and grounds		5,083		6,068
Repairs - equipment		8,601		8,050
Equipment - rents, leases		2,948		3,082
Automotive supplies		8,772		10,590
Office supplies		1,506		1,500
Department supplies		28,583		21,577
Bank charges		263		248
Uniforms		3,388		4,611
Garbage collection		1,824		1,337
Dues		952		928
Insurance		25,083		23,021
Miscellaneous		763		311
Capital outlay		101,931		-
Small expendable equipment		5,955		7,078
Total	982,353	948,297	34,056	776,648
Total public safety	3,360,819	3,187,674	173,145	2,955,041

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		2018
	Budget	Actual	Actual
<b>TRANSPORTATION</b>			
<b>Street repair and construction:</b>			
Salaries - regular		203,501	194,689
Salaries - temporary		1,888	1,389
FICA tax		15,603	14,305
Group insurance		34,024	32,552
Retirement		16,435	14,537
Professional services		84	473
Employee training		-	262
Telephone		747	740
Utilities		128,127	132,497
Travel		30	60
Repairs - buildings and grounds		94	1,506
Repairs - equipment		1,437	10,199
Equipment rent/leases		-	104
Advertising		-	696
Automotive supplies		7,550	10,078
Department supplies		5,244	4,685
Bank charges		245	232
Uniforms		3,968	4,422
Powell Bill - services		45,545	39,543
Powell Bill - project		85,447	112,853
Powell Bill - equipment operations		14,734	14,142
Contracted services		180	243
Insurance		13,406	12,434
Miscellaneous		303	87
Hurricane Matthew debris cleanup		43	-
Small expendable equipment		1,413	2,653
Total transportation	624,101	580,048	605,381
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>			
Martin County Arts Council		7,000	6,000
Williamston Downtown		4,984	5,431
Williamston Downtown, Inc. Facade		6,000	6,000
Williamston Beautification		222	-
Hwy 17 Association		2,500	2,500
Mid-East Commission		1,777	1,777
Martin County Historical Society		2,000	2,000
Institute of Government		700	682
Martin County Chamber		715	715
Committee of 100		500	500
NCLM		6,456	6,168
Roanoke River Partners		1,500	1,500
Boys and Girls Club		15,000	15,000

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		2018
	Budget	Actual	Variance Positive (Negative) Actual
<b>ECONOMIC AND PHYSICAL DEVELOPMENT, continued</b>			
Employer contributions to OPEB Trust Fund		127,183	120,933
Total economic & physical development	202,903	176,537	26,366 169,206
<b>ENVIRONMENTAL PROTECTION</b>			
<b>Sanitation:</b>			
Salaries - regular		246,952	229,706
Salaries - temporary		1,841	1,285
FICA tax		19,446	17,376
Group insurance		52,406	52,199
Retirement		19,925	17,210
Professional services		119	132
Telephone		1,145	820
Travel		40	40
Repairs and maintenance		9,541	9,709
Equipment rent		-	104
Advertising		32	148
Automotive supplies		26,576	30,680
Department supplies		2,196	1,722
Mosquito control		22	39
Martin County Landfill		23,799	13,703
Bank charges		150	153
Uniforms		6,378	6,040
Garbage collection		395	-
Contracted services		337	852
Insurance		14,080	11,152
Miscellaneous		409	277
Hurricane Matthew debris cleanup		21	-
Capital outlay		48,395	-
Small equipment		282	342
Total	501,996	474,487	27,509 393,689
<b>Cemetery:</b>			
Salaries - regular		60,089	55,020
Salaries - temporary		4,064	3,525
FICA tax		5,095	4,425
Group insurance		11,109	9,621
Retirement		5,128	4,317
Professional services		-	45
Telephone		434	403
Utilities		932	811
Repairs - buildings and grounds		579	2,124
Repairs - equipment		2,350	1,168
Automotive supplies		1,933	2,941
Department supplies		1,210	762
Bank charges		38	39
Rooks fund expense		370	490

(continued)

Town of Williamston, North Carolina

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Cemetery, continued</b>				
Uniforms		1,271		836
Insurance		3,028		276
Miscellaneous		256		469
Capital outlay		5,299		9,450
Small expendable equipment		564		28
<b>Total</b>	<b>107,423</b>	<b>103,749</b>	<b>3,674</b>	<b>96,750</b>
Total environmental protection	609,419	578,236	31,183	490,439
<b>CULTURAL AND RECREATIONAL</b>				
<b>Recreation:</b>				
Salaries - regular		203,693		209,673
Salaries - temporary		67,586		67,947
FICA tax		20,966		20,411
Group insurance		28,570		27,059
Retirement		17,986		16,980
Professional services		3,677		3,366
Employee training		974		1,154
Telephone		4,534		4,653
Postage		125		121
Utilities		21,927		25,563
Travel		30		30
Repairs - buildings and grounds		53,334		23,609
Repairs - equipment		6,055		9,272
Automotive supplies		8,756		10,464
Department supplies		26,235		28,659
Bank charges		238		260
Supplies - turf grass management		10,884		8,042
Uniforms		1,886		2,026
Garbage collection		5,575		5,364
Contracted services		4,608		3,420
Dues		350		355
Insurance		21,348		14,361
Miscellaneous		2,000		1,845
Capital outlay		26,929		-
Small expendable equipment		3,255		1,481
<b>Total</b>	<b>568,010</b>	<b>541,521</b>	<b>26,489</b>	<b>486,115</b>

(continued)



**Town of Williamston, North Carolina**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Cultural:</b>				
Martin Memorial Library		102,000		101,797
Stampede Festival		9,951		10,804
Sustainable Communities Program		500		500
Christmas decorations		1,348		2,848
Christmas parade		3,408		2,126
Total	120,190	117,207	2,983	118,075
Total cultural and recreational	688,200	658,728	29,472	604,190
<b>Debt service:</b>				
Principal retirement	259,589	270,777	(11,188)	218,667
Interest	13,435	14,991	(1,556)	16,692
Total debt service	273,024	285,768	(12,744)	235,359
Total expenditures	\$ 6,414,466	\$ 6,007,863	\$ 406,603	\$ 5,537,087

**Town of Williamston, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Investments	\$ 2,361	\$ -	\$ 2,361
<b>TOTAL ASSETS</b>	<u>\$ 2,361</u>	<u>\$ -</u>	<u>\$ 2,361</u>
<b>LIABILITIES</b>			
Bank overdraft	\$ 3,145	\$ 85,205	\$ 88,350
<b>TOTAL LIABILITIES</b>	<u>3,145</u>	<u>85,205</u>	<u>88,350</u>
<b>FUND BALANCES</b>			
<b>Assigned:</b>			
Economic and physical development	2,361	-	2,361
<b>Unassigned</b>	(3,145)	(85,205)	(88,350)
Total fund balances	<u>(784)</u>	<u>(85,205)</u>	<u>(85,989)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,361</u>	<u>\$ -</u>	<u>\$ 2,361</u>

**Town of Williamston, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Total Non-Major Special Revenue Funds</b>	<b>Total Non-Major Capital Projects Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Restricted intergovernmental	\$ -	\$ 200,000	\$ 200,000
Miscellaneous and project income	900	-	900
Investment earnings	-	1,216	1,216
Total revenues	900	201,216	202,116
<b>EXPENDITURES</b>			
<b>Current:</b>			
Public Safety	-	750,600	750,600
Economic and physical development	16,538	-	16,538
Transportation	-	105,766	105,766
Total expenditures	16,538	856,366	872,904
Revenues over (under) expenditures	(15,638)	(655,150)	(670,788)
<b>OTHER FINANCING SOURCES</b>			
Proceeds of long term debt	-	633,147	633,147
Transfers from other funds	-	100,000	100,000
Transfers to other funds	-	(83,225)	(83,225)
Total other financing sources	-	649,922	649,922
Revenues and other financing sources over (under) expenditures and other uses	(15,638)	(5,228)	(20,866)
<b>FUND BALANCE, BEGINNING</b>	14,854	(79,977)	(65,123)
<b>FUND BALANCE, ENDING</b>	\$ (784)	\$ (85,205)	\$ (85,989)

**Town of Williamston, North Carolina**  
**Non-Major Governmental Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Strategic Economic Development - Golden Leaf	CDBG Downtown Redevelopment Grant	Total Non-Major Special Revenue Funds
<b>ASSETS</b>			
Investments	\$ 2,361	\$ -	\$ 2,361
<b>TOTAL ASSETS</b>	<u>\$ 2,361</u>	<u>\$ -</u>	<u>\$ 2,361</u>
<b>LIABILITIES</b>			
Bank overdraft	\$ -	\$ 3,145	\$ 3,145
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>3,145</u>	<u>3,145</u>
<b>FUND BALANCES</b>			
<b>Assigned:</b>			
Economic and physical development	2,361	-	2,361
<b>Unassigned:</b>	-	(3,145)	(3,145)
<b>TOTAL FUND BALANCES</b>	<u>2,361</u>	<u>(3,145)</u>	<u>(784)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,361</u>	<u>\$ -</u>	<u>\$ 2,361</u>

**Town of Williamston, North Carolina**  
**Non-Major Governmental Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Strategic Economic Development - Golden Leaf</b>	<b>CDBG Downtown Redevelopment Grant</b>	<b>Total Non-Major Special Revenue Funds</b>
<b>REVENUES</b>			
Miscellaneous and project income	\$ -	\$ 900	\$ 900
Total revenues	<u>-</u>	<u>900</u>	<u>900</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Economic and physical development	-	16,538	16,538
Total expenditures	<u>-</u>	<u>16,538</u>	<u>16,538</u>
Revenues over (under) expenditures	-	(15,638)	(15,638)
<b>FUND BALANCE, BEGINNING</b>	<u>2,361</u>	<u>12,493</u>	<u>14,854</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,361</u>	<u>\$ (3,145)</u>	<u>\$ (784)</u>

**Town of Williamston, North Carolina**  
**Special Revenue Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

**STRATEGIC ECONOMIC DEVELOPMENT - GOLDEN LEAF**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**REVENUES**

**Restricted intergovernmental revenues:**

Martin County	4,425	4,425	\$ -	\$ 4,425	\$ -
Martin County Tourism Development	1,950	1,950	-	1,950	-
Martin County Water Authority	500	500	-	500	-
NC Department of Commerce:					
Main Street Solutions Fund Grant	100,000	100,000	-	100,000	-
Golden Leaf Foundation	20,000	20,000	-	20,000	-
Town of Bear Grass	400	400	-	400	-
<b>Investment earnings</b>	10	1	-	1	(9)
<b>Miscellaneous and project income:</b>					
Local Funds	6,300	6,300	-	6,300	-
Williamston Committee of 100	8,600	8,600	-	8,600	-
Total revenues	142,185	142,176	-	142,176	(9)

**EXPENDITURES**

**Current:**

**Economic and physical development:**

Strategic Economic Plan	50,810	48,440	-	48,440	2,370
Main Street Solutions Fund Grant:					
Accessmedicine, PA	100,000	100,000	-	100,000	-
Total expenditures	150,810	148,440	-	148,440	2,370

Revenues over (under) expenditures	(8,625)	(6,264)	-	(6,264)	2,361
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**OTHER FINANCING SOURCES**

Transfers from other funds:

General Fund	8,625	8,625	-	8,625	-
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Revenues and other financing sources over expenditures	\$ -	\$ 2,361	-	\$ 2,361	\$ 2,361
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**FUND BALANCE, BEGINNING**

2,361

**FUND BALANCE, ENDING**

\$ 2,361

Town of Williamston, North Carolina

Special Revenue Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

**BROWNFIELDS ASSESSMENT GRANTS**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**REVENUES**

**Restricted intergovernmental revenues:**

EPA - Brownfields Assessment Grant - Royster Clark	\$ 168,000	\$ 161,686	\$ -	\$ 161,686	\$ (6,314)
EPA - Brownfields Assessment Grant - Windsor Oil	166,800	161,621	-	161,621	(5,179)
Total revenues	334,800	323,307	-	323,307	(11,493)

**EXPENDITURES**

**Current:**

**Environmental protection:**

**Royster Clark:**

Travel	2,500	-	-	-	2,500
Supplies	1,500	506	-	506	994
Contract Services	164,000	161,180	-	161,180	2,820
Total hazardous	168,000	161,686	-	161,686	6,314

**Windsor Oil:**

Travel	2,500	-	-	-	2,500
Supplies	1,500	506	-	506	994
Contract Services	162,800	161,115	-	161,115	1,685
Total petroleum	166,800	161,621	-	161,621	5,179
Total expenditures	334,800	323,307	-	323,307	11,493

Revenues over expenditures	\$ -	\$ -	-	\$ -	\$ -
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**FUND BALANCE, BEGINNING**

-

**FUND BALANCE, ENDING**

\$ -

**Town of Williamston, North Carolina  
Special Revenue Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

**COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT FUND - DOWNTOWN  
REDEVELOPMENT GRANT**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**REVENUES**

**Restricted intergovernmental revenues:**

CDBG Grant \$ 335,500 \$ - \$ - \$ - \$ (335,500)

**Miscellaneous and project income:**

Building owners 36,800 5,000 900 5,900 (30,900)

Williamston Downtown 7,000 7,000 - 7,000 -

Williamston Committee of 100 6,000 6,000 - 6,000 -

Total revenues 385,300 18,000 900 18,900 (366,400)

**EXPENDITURES**

**Current:**

**Economic and physical development:**

Administration 23,500 1,157 - 1,157 22,343

Building up-fit 382,600 21,850 16,538 38,388 344,212

Total expenditures 406,100 23,007 16,538 39,545 366,555

Revenues over (under) expenditures (20,800) (5,007) (15,638) (20,645) 155

**OTHER FINANCING SOURCES**

Transfers from other funds:

General Fund 20,800 17,500 - 17,500 (3,300)

Revenues and other financing sources  
over expenditures \$ - \$ 12,493 (15,638) \$ (3,145) \$ (3,145)

**FUND BALANCE, BEGINNING**

12,493

**FUND BALANCE, ENDING**

\$ (3,145)



**Town of Williamston, North Carolina**  
**Non-Major Governmental Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Fire Department Capital Project	Police Department Capital Project	Total Non-Major Capital Projects Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Bank overdraft	\$ 12,100	\$ 73,105	\$ 85,205
<b>TOTAL LIABILITIES</b>	<b>12,100</b>	<b>73,105</b>	<b>85,205</b>
<b>Fund balances:</b>			
Unassigned	(12,100)	(73,105)	(85,205)
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,100</b>	<b>\$ 73,105</b>	<b>\$ 85,205</b>

Town of Williamston, North Carolina  
**Non-Major Governmental Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Fire Pierce Pumper Project</b>	<b>Fire Department Capital Project</b>	<b>Police Department Capital Project</b>	<b>Skewarkee Canal Phase IV-A</b>	<b>Total Non-Major Capital Projects Funds</b>
<b>REVENUES</b>					
Restricted intergovernmental revenues:					
NCDEQ - DWR Grant	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Investment earnings	-	-	-	1,216	1,216
Total revenues	-	-	-	201,216	201,216
<b>EXPENDITURES</b>					
<b>Public Safety:</b>					
Capital outlay	565,395	62,100	123,105	-	750,600
<b>Transportation:</b>					
Capital outlay	-	-	-	105,766	105,766
Total expenditures	565,395	62,100	123,105	105,766	856,366
Revenues over (under) expenditures	(565,395)	(62,100)	(123,105)	95,450	(655,150)
<b>OTHER FINANCING SOURCES</b>					
Proceeds of long term debt	565,395	-	-	67,752	633,147
Transfers from other funds	-	50,000	50,000	-	100,000
Transfers to other funds	-	-	-	(83,225)	(83,225)
Total other financing sources	565,395	50,000	50,000	(15,473)	649,922
Revenues and other financing sources over (under) expenditures and other uses	-	(12,100)	(73,105)	79,977	(5,228)
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	-	-	-	(79,977)	(79,977)
<b>FUND BALANCE, ENDING</b>	\$ -	\$ (12,100)	\$ (73,105)	\$ -	\$ (85,205)

**Town of Williamston, North Carolina**  
**Non-Major Governmental Capital Projects Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**

**PIERCE PUMPER PROJECT**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**EXPENDITURES**

**Transportation:**

**Capital outlay:**

Fire Truck

\$ 565,395	\$ -	\$ 565,395	\$ 565,395	\$ -
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Total expenditures

565,395	-	565,395	565,395	-
---------	---	---------	---------	---

Revenues over (under) expenditures

(565,395)	-	(565,395)	(565,395)	-
-----------	---	-----------	-----------	---

**OTHER FINANCING SOURCES**

Installment purchase proceeds

565,395	-	565,395	565,395	-
---------	---	---------	---------	---

Total other financing sources

565,395	-	565,395	565,395	-
---------	---	---------	---------	---

Revenues and other financing sources over (under) expenditures

\$ -	\$ -	-	\$ -	\$ -
------	------	---	------	------

**FUND BALANCE, BEGINNING**

-

**FUND BALANCE, ENDING**

\$ -

**Town of Williamston, North Carolina**  
**Non-Major Governmental Capital Projects Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**

**FIRE DEPARTMENT CAPITAL PROJECT**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**EXPENDITURES**

**Transportation:**

**Capital outlay:**

Engineering and inspections	\$ 78,400	\$ -	\$ 62,100	62,100	\$ 16,300
Legal and administrative fees	4,000	-	-	-	4,000
Construction	1,000,000	-	-	-	1,000,000
Total expenditures	<u>1,082,400</u>	-	<u>62,100</u>	<u>62,100</u>	<u>1,020,300</u>

Revenues over (under) expenditures	<u>(1,082,400)</u>	-	<u>(62,100)</u>	<u>(62,100)</u>	<u>1,020,300</u>
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**OTHER FINANCING SOURCES**

USDA long-term debt financing	1,032,400	-	-	-	(1,032,400)
Transfers from other funds:					
General Fund	50,000	-	50,000	50,000	-
Total other financing sources	<u>1,082,400</u>	-	<u>50,000</u>	<u>50,000</u>	<u>(1,032,400)</u>

Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(12,100)</u>	<u>\$ (12,100)</u>	<u>\$ (12,100)</u>
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**FUND BALANCE, BEGINNING**

-

**FUND BALANCE, ENDING**

\$ (12,100)

**Town of Williamston, North Carolina**  
**Non-Major Governmental Capital Projects Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**

**POLICE DEPARTMENT CAPITAL PROJECT**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**EXPENDITURES**

**Transportation:**

**Capital outlay:**

Building Purchase	\$ 200,000	\$ -	\$ 10,026	\$ 10,026	\$ 189,974
Engineering and inspections	126,400	-	111,329	111,329	15,071
Legal and administrative fees	4,000	-	1,750	1,750	2,250
Construction	1,500,000	-	-	-	1,500,000
Total expenditures	<u>1,830,400</u>	-	<u>123,105</u>	<u>123,105</u>	<u>1,707,295</u>

Revenues over (under) expenditures	<u>(1,830,400)</u>	-	<u>(123,105)</u>	<u>(123,105)</u>	<u>1,707,295</u>
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**OTHER FINANCING SOURCES**

USDA long-term debt financing	1,630,400	-	-	-	(1,630,400)
Transfers from other funds:					
General Fund	200,000	-	50,000	50,000	(150,000)
Total other financing sources	<u>1,830,400</u>	-	<u>50,000</u>	<u>50,000</u>	<u>(1,780,400)</u>

Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(73,105)</u>	<u>\$ (73,105)</u>	<u>\$ (73,105)</u>
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**FUND BALANCE, BEGINNING**

-

**FUND BALANCE, ENDING**

\$ (73,105)

**Town of Williamston, North Carolina  
Governmental Capital Projects Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

**SKEWARKEE CANAL PHASE IV (1)**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**REVENUES**

**Restricted intergovernmental revenues:**

NC Division of Water Resources Dev Grant	\$ 554,823	\$ 295,569	\$ -	\$ 295,569	\$ (259,254)
NCDOT Grant	65,000	65,000	-	65,000	-
Sales tax refund	-	6,265	-	6,265	6,265

**Miscellaneous and Project Income:**

Contractor settlement - non-performance	125,000	125,000	-	125,000	-
<b>Investment earnings</b>	-	1,869	-	1,869	1,869

Total revenues	<u>744,823</u>	<u>493,703</u>	<u>-</u>	<u>493,703</u>	<u>(251,120)</u>
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**EXPENDITURES**

**Transportation:**

**Capital outlay:**

Engineering and inspections	127,000	226,596	-	226,596	(99,596)
Legal and administration	37,000	32,876	-	32,876	4,124
Construction	732,000	418,829	-	418,829	313,171
Contingency	73,000	-	-	-	73,000
Total expenditures	<u>969,000</u>	<u>678,301</u>	<u>-</u>	<u>678,301</u>	<u>290,699</u>

Revenues over (under) expenditures	<u>(224,177)</u>	<u>(184,598)</u>	<u>-</u>	<u>(184,598)</u>	<u>39,579</u>
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**OTHER FINANCING SOURCES (USES)**

Transfers from other funds:

Powell Bill Fund	168,000	168,000	-	168,000	-
Water and Sewer Fund	136,000	94,560	-	94,560	(41,440)
CDBG Rehab Loans Project	45,177	40,078	-	40,078	(5,099)

Transfers to other funds	(125,000)	(118,040)	-	(118,040)	6,960
Total other financing sources	<u>224,177</u>	<u>184,598</u>	<u>-</u>	<u>184,598</u>	<u>(39,579)</u>

Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
--	-------------	-------------	----------	-------------	-------------

**FUND BALANCE, BEGINNING**

-

**FUND BALANCE, ENDING**

\$ -

(1) Skewarkee Canal Phase IV has been completed as of June 30, 2019. Amounts recognized for construction in progress for Phase IV were be capitalized with Phase IV-A upon completion of Phase IV-A.

**Town of Williamston, North Carolina  
Governmental Capital Projects Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

**SKEWARKEE CANAL PHASE IV-A RAILROAD CULVERT IMPROVEMENTS PROJECT**

Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**REVENUES**

**Restricted intergovernmental revenues:**

NCDEQ - DWR Grant

\$ 200,000    \$ -    \$ 200,000    \$ 200,000    \$ -

**Investment earnings**

-    1,323    1,216    2,539    2,539

Total revenues

200,000    1,323    201,216    202,539    2,539

**EXPENDITURES**

**Transportation:**

**Capital outlay:**

Technical services

226,500    147,943    7,835    155,778    70,722

Engineering and inspections

80,000    40,667    10,724    51,391    28,609

Legal services

5,000    4,794    -    4,794    206

Project administration

15,000    3,295    8,250    11,545    3,455

Construction

935,000    943,035    78,957    1,021,992    (86,992)

Contingency

134,940    -    -    -    134,940

Total expenditures

1,396,440    1,139,734    105,766    1,245,500    150,940

Revenues over (under) expenditures

(1,196,440)    (1,138,411)    95,450    (1,042,961)    153,479

**OTHER FINANCING SOURCES (USES)**

USDA long-term debt financing

1,030,000    898,954    67,752    966,706    (63,294)

Transfers from other funds:

Water and Sewer Fund

41,440    41,440    -    41,440    -

Skewarkee Canal Phase IV

125,000    118,040    -    118,040    (6,960)

Transfers to other funds

Water and Sewer Fund

-    -    (83,225)    (83,225)    (83,225)

Total other financing sources

1,196,440    1,058,434    (15,473)    1,042,961    (153,479)

Revenues and other financing sources over (under) expenditures

\$ -    \$ (79,977)    79,977    \$ -    \$ -

**FUND BALANCE, BEGINNING**

(79,977)

**FUND BALANCE, ENDING**

\$ -

**Town of Williamston, North Carolina**

**Water and Sewer Fund**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**

**For the Fiscal Year Ended June 30, 2019**

**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
<b>Charges for services:</b>				
Water sales	\$	\$ 1,188,042	\$	\$ 1,193,199
Water District 1 sales		112,821		113,184
Water District 2 sales		227,400		225,840
Sewer sales		1,586,507		1,574,033
Martin County Regional Water and Sewer Authority fees		926,017		934,886
Water and sewer taps		7,400		3,800
Total charges for services	4,084,000	4,048,187	(35,813)	4,044,942
<b>Other operating revenues:</b>				
Late penalties	40,500	32,356	(8,144)	36,087
Total operating revenues	4,124,500	4,080,543	(43,957)	4,081,029
<b>Non-operating revenues:</b>				
Investment earnings		130,481		83,018
Disaster Grants - Public Assistance		-		-
Miscellaneous		1,101		3,893
Total non-operating revenues	76,500	131,582	55,082	86,911
Total revenues	4,201,000	4,212,125	11,125	4,167,940
<b>EXPENDITURES</b>				
Water treatment and distribution	2,182,394	2,087,282	95,112	2,160,044
Waste collection and treatment	1,101,555	1,072,531	29,024	1,076,414
Debt service	935,188	803,360	131,828	907,521
Capital outlay	45,477	-	45,477	39,850
Total expenditures	4,264,614	3,963,173	301,441	4,183,829
Revenues over (under) expenditures	(63,614)	248,952	312,566	(15,889)
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated net position	83,050	-	(83,050)	-
Sale of capital assets	1,000	-	(1,000)	-
Loan repayments from General Fund	22,614	22,614	-	22,614
Transfers to / from other funds:				
Skewarkee Canal Capital Project Fund	-	83,225	83,225	-
Water & Sewer Capital Project Fund	(43,050)	(43,050)	-	(175,507)
Total other financing sources (uses)	63,614	62,789	(825)	(152,893)
Revenues and other financing sources over expenditures and other uses	\$ -	\$ 311,741	\$ 311,741	\$ (168,782)



Town of Williamston, North Carolina

Water and Sewer Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

2019			2018
Budget	Actual	Variance Positive (Negative)	Actual

**RECONCILIATION FROM BUDGETARY BASIS  
(MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:**

Revenues and other financing sources over expenditures and other uses	\$ 311,741	\$ (168,782)
<b>Reconciling items:</b>		
Principal retirement	612,464	697,486
Capital outlay	-	39,850
Loss on disposal of capital asset	-	(92,400)
Increase (decrease) in deferred outflows of resources		
pensions	48,802	(46,753)
(Increase) decrease in net pension liability	(60,461)	42,877
(Increase) decrease in deferred inflows of resources - pensions	2,616	2,254
Increase (decrease) in deferred outflows of resources - OPEB	28,402	-
(Increase) decrease in deferred inflows of resources - OPEB	(101,348)	(39,565)
Increase (decrease) in accrued vacation pay	4,139	(8,322)
(Increase) decrease in OPEB liability	132,741	30,602
(Increase) decrease in accrued interest	(68)	(11,952)
Depreciation	(778,976)	(713,183)
Contributions - State grant	38,813	25,350
Loan repayments from General Fund	(22,614)	(22,614)
Engineering study - AIA project	(38,813)	(25,350)
Transfer from other funds:		
General Fund	-	15,083
Transfers to other funds:		
Water and Sewer Capital Projects Fund	43,050	175,507
Total reconciling items	<u>(91,253)</u>	<u>68,870</u>
<b>Change in net position</b>	<u>\$ 220,488</u>	<u>\$ (99,912)</u>

**Town of Williamston, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>WATER TREATMENT AND DISTRIBUTION</b>				
Administration expense	\$	\$ 345,134	\$	\$ 356,109
Salaries - regular		218,716		213,711
Salaries - temporary		8,302		9,743
FICA tax		17,799		16,843
Group insurance		28,764		27,297
Employer contributions to OPEB Trust Fund		25,316		25,016
Retirement		18,207		16,598
Professional services		14,039		11,428
Employee training		1,127		4,393
Telephone		3,962		3,714
Postage		3,578		3,399
Utilities		17,721		20,091
Travel		100		120
Repairs - buildings and grounds		4,104		1,506
Repairs - equipment		8,566		26,501
Equipment rent lease		-		104
Advertising		1,050		1,198
Automotive supplies		18,587		21,535
Department supplies		26,033		16,307
Bank charges		477		450
Uniforms		3,328		3,214
Contracted services		61,291		69,583
Dues		3,160		2,992
Insurance		17,177		15,733
Miscellaneous		123		(2,250)
Small expendable equipment		5,157		8,170
Repair / replace fire hydrants		336		5,231
Repair lines		9,800		10,163
Water purchases		1,216,309		1,262,910
Bad debts		9,019		8,235
Total water treatment and distribution	2,182,394	2,087,282	95,112	2,160,044

(continued)

**Town of Williamston, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019		2018
	Budget	Actual	Actual
<b>WASTE COLLECTION AND TREATMENT</b>			
Administration expense		291,547	301,718
Salaries - regular		268,576	262,805
Salaries - temporary		9,644	6,930
FICA tax		21,653	20,251
Group insurance		39,332	39,014
Employer contributions to OPEB Trust Fund		20,000	20,000
Retirement		22,244	19,979
Professional services		14,494	7,427
Employee training		2,857	2,964
Telephone		3,519	3,498
Postage		7,827	7,948
Utilities		114,417	110,576
Travel		70	70
Repairs - buildings and grounds		126	3,384
Repairs - equipment		87,871	71,590
Equipment rent lease		1,959	104
Advertising		118	83
Automotive supplies		6,280	7,698
Office supplies		-	167
Department supplies		31,316	28,565
Lab supplies		7,068	3,376
Bank charges		852	801
Uniforms		4,661	5,118
Garbage collection		1,450	1,338
Contracted services		53,491	59,711
Dues		9,609	8,344
Insurance		30,094	43,865
Miscellaneous		446	30
Small expendable equipment		-	6,560
Line repairs		-	13,285
Hurricane Matthew		107	-
Bad debts		20,903	19,215
Total waste collection and treatment	1,101,555	1,072,531	1,076,414

(continued)

**Town of Williamston, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Expenditures- Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>DEBT SERVICE</b>				
Principal retirement	717,056	612,464	104,592	697,486
Interest and other charges	218,132	190,896	27,236	210,035
Total debt service	935,188	803,360	131,828	907,521
<b>CAPITAL OUTLAY</b>				
Water capital outlay		-		9,951
Sewer capital outlay		-		29,899
Total capital outlay	45,477	-	45,477	39,850
Total expenditures	\$ 4,264,614	\$ 3,963,173	\$ 301,441	\$ 4,183,829

Town of Williamston, North Carolina

Storm Water Fund

Schedule of Revenues and Expenditures- Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
<b>Charges for services:</b>				
Storm Water fees	\$ 55,000	\$ 57,185	\$ 2,185	\$ 57,037
<b>EXPENDITURES</b>				
Bad debts	5,000	-	5,000	-
Debt service				
Principal	43,400	26,600	16,800	-
Interest	6,600	12,726	(6,126)	-
Total debt service	50,000	39,326	10,674	-
Total expenditures	55,000	39,326	15,674	-
Revenues over expenditures	<u>\$ -</u>	<u>17,859</u>	<u>\$ 17,859</u>	<u>\$ 57,037</u>
<b>RECONCILIATION FROM BUDGETARY BASIS (MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:</b>				
<b>Reconciling items:</b>				
Transfer of capital assets		1,996,391		-
Depreciation expense		(27,728)		-
Transfer of USDA loan payable		(966,706)		-
Principal retirement		26,600		-
Increase in accrued interest		(9,968)		-
<b>Change in net position</b>	<u>\$ 1,036,448</u>			<u>\$ 57,037</u>

Town of Williamston, North Carolina  
Water and Sewer Fund Capital Projects Fund  
Schedule of Revenue and Expenditures- Budget and Actual (Non-GAAP)  
From Inception and for the Fiscal Year Ended June 30, 2019

**ANNEXATION AREA A**

	Project Authorization			Actual			Variance Positive (Negative)
	June 30 2018	Amendment	June 30 2019	Prior Years	Current Year	Total to Date	
<b>REVENUES</b>							
Contractor liquidating damages	\$ 197,659	\$ -	\$ 197,659	\$ 197,659	\$ -	\$ 197,659	\$ -
Total revenues	197,659	-	197,659	197,659	-	197,659	-
<b>EXPENDITURES</b>							
Professional services	20,000	-	20,000	22,509	-	22,509	(2,509)
Project administration and permitting	110,000	-	110,000	112,654	-	112,654	(2,654)
Technical services	770,000	-	770,000	779,596	(1,640)	777,956	(7,956)
Easement acquisition and miscellaneous	100,000	43,050	143,050	106,348	43,050	149,398	(6,348)
Construction	4,334,000	-	4,334,000	4,039,832	-	4,039,832	294,168
Contingency	758,000	-	758,000	-	-	-	758,000
Total expenditures	6,092,000	43,050	6,135,050	5,060,939	41,410	5,102,349	1,032,701
Revenues over (under) expenditures	(5,894,341)	(43,050)	(5,937,391)	(4,863,280)	(41,410)	(4,904,690)	1,032,701
<b>OTHER FINANCING SOURCES</b>							
NC Clean Water Revolving Loan	4,230,300	-	4,230,300	3,067,741	582,421	3,650,162	(580,138)
Installment purchase proceeds - streets	600,000	-	600,000	600,000	-	600,000	-
Transfers from other funds:							
Water and Sewer Fund	749,500	43,050	792,550	506,460	43,050	549,510	(243,040)
General Fund	163,000	-	163,000	105,018	-	105,018	(57,982)
Powell Bill Fund	151,541	-	151,541	-	-	-	(151,541)
Total other financing sources	5,894,341	43,050	5,937,391	4,279,219	625,471	4,904,690	(1,032,701)
Revenues and other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ (584,061)	\$ 584,061	\$ -	\$ -

**Town of Williamston, North Carolina**  
**Water and Sewer Fund Capital Projects Fund**  
**Schedule of Revenue and Expenditures- Budget and Actual (Non-GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

**WATER SYSTEM ASSET INVENTORY ASSESSMENT PROJECT**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
NCDEQ - DWI Grant	\$ 150,000	\$ 110,250	\$ 38,813	\$ 149,063	\$ (937)
<b>EXPENDITURES</b>					
State grant fees asset inventory	2,250	2,250	-	2,250	-
AIA Project consulting fee	154,000	115,500	38,813	154,313	(313)
Contingency	1,250	-	-	-	1,250
Total expenditures	157,500	117,750	38,813	156,563	937
Revenues over (under) expenditures	(7,500)	(7,500)	-	(7,500)	-
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds:					
Water and Sewer Fund	7,500	7,500	-	7,500	-
Revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

### **Other Schedules**

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This Section Contains additional information required on property taxes.

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



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

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Releases</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 2,906,281 (a)	\$ 2,703,027 (b)	\$ 5,974 (d)	\$ 197,280 (c)
2017-2018	191,812	184	55,598	3,282	133,116
2016-2017	128,419	-	26,080	793	101,546
2015-2016	93,921	-	18,094	793	75,034
2014-2015	79,573	-	12,770	794	66,009
2013-2014	53,541	-	5,333	794	47,414
2012-2013	52,246	-	6,006	794	45,446
2011-2012	36,508	-	3,465	359	32,684
2010-2011	25,234	-	2,106	-	23,128
2009-2010	21,179	-	2,196	-	18,983
2008-2009	12,163	-	1,194	10,969	-
	<u>\$ 694,596</u>	<u>\$ 2,906,465</u>	<u>\$ 2,835,869 (e)</u>	<u>\$ 24,552</u>	<u>740,640</u>
Less: allowance for uncollectible ad valorem taxes receivable					<u>(74,581)</u>
Ad valorem taxes receivable - net					<u>\$ 666,059</u>
<b>Reconciliation to Revenues:</b>					
Ad valorem taxes - General Fund					\$ 2,891,022
<b>Reconciling items:</b>					
Penalties and interest collected					(52,605)
Refunds					1,833
Recovery taxes previously written off					(782)
GAP Taxes on expired vehicle registrations					<u>(3,599)</u>
Total collections and credits					<u>\$ 2,835,869 (e)</u>

The lower case letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

**Town of Williamston, 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
<b>ORIGINAL LEVY:</b>					
Property taxed at current year's rate	\$ 340,017,468	\$ 0.79	\$ 2,686,138	\$ 2,423,679	\$ 262,459
Penalties			176	176	
<b>DISCOVERIES:</b>					
Current year taxes	25,115,316	\$ 0.79	198,411	198,411	-
Lot clearing assessments			21,556	21,556	
<b>ABATEMENTS</b>	(756,203)	\$ 0.79	(5,974) (d)	(5,974)	-
Total property valuation	<u>\$ 364,376,582</u>				
Net levy			2,900,307 (a)	2,637,848	262,459
Uncollected taxes at June 30, 2019			(197,280) (c)	(197,280)	-
Current year's taxes collected			<u>\$ 2,703,027 (b)</u>	<u>\$ 2,440,568</u>	<u>\$ 262,459</u>
Current levy collection percentage			<u>93.20%</u>	<u>92.52%</u>	<u>100.00%</u>

The lower case letters next to certain amounts on the Schedule of Ad Valorem Taxes Receivable and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

## **Compliance Section**



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**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamston, 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 of Williamston's basic financial statements and have issued our report thereon dated November 30, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Williamston's internal control over financial reporting (internal control) to determine the 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 of Williamston's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Williamston'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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness (2019-001).

### **Compliance and Other Matters**

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

### **Town of Williamston's Response to Findings**

The Town of Williamston's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Cary Riggs & Ingram, L.L.C.*

Goldsboro, North Carolina  
November 30, 2019

**Town of Williamston, North Carolina**  
**Schedule of Findings and Responses**  
**For the Fiscal Year Ended June 30, 2019**

**SECTION 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

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


Internal control over financial reporting:

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

**Town of Williamston, North Carolina**  
**Schedule of Findings and Responses**  
**For the Fiscal Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Finding	2019-001 Reporting of Capital Leases
Criteria:	Leases that contain a bargain purchase option or title passes to the leasee at the end of the lease term should be reported as capital leases.
Condition:	The Town of Williamston entered into two separate management agreements with Martin County, whereby the County borrowed funds to construct water lines. Upon the completion of construction, the Town of Williamston managed these water lines including providing all maintenance, normal repairs and insurance for the water lines, and billing and collection of water revenues from customers. The Town paid to Martin County a proportionate share of the debt service expenditures of the County equal to the share of loan proceeds the County used to construct the water lines. The Town retained all revenues collected for current and future customers. At the end of the lease term or payment of the final debt service payment, title to the water lines passes from the County to the Town. Therefore, the management agreements are capital leases.
Effect:	Payments from the Town to the County for its proportionate share of debt service expenditures, were recorded as lease expense rather than principal and interest payments on the debt payable from the Town of Williamston to Martin County. The purchase of the water lines and related debt was not recorded. Therefore, capital assets and long-term liabilities were understated.
Cause:	The construction debt for these water lines is in the name of Martin County Water and Sewer Districts No 1 and 2. It is the intent of the Town and County for title to these assets to remain with the County until the debt is paid in full.
Recommendation:	The Town of Williamston should review the terms of all lease agreements to determine if the lease qualifies as a capital lease or an operating lease. Capital leases should be recorded as the purchase of capital assets and the related long-term debt payable. Lease payments should be recorded as principal and interest payments on the debt, rather than as rental or management expenses.
Management response:	The Town of Williamston agrees with this finding and has recorded a prior period adjustment to properly record the capital assets purchased from the County and the related debt payable to the County.



**Town of Williamston, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Finding: 2019-001 Reporting of Capital Leases

Name of contact person: Linda Harrison, Finance Director

Corrective action: The Town of Williamston has recorded a prior period adjustment to record the purchase of water lines from Martin County and the related debt payable to the County. The Town will review the terms of all leases to determine the proper accounting of all leases as either capital leases or operating leases.

Proposed completion date: The Town of Williamston will implement the above procedures immediately.





**Town of Williamston, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2019**

As of June 30, 2019, the Town of Williamston had no unresolved findings from prior years.