

**Town of Wilson's Mills**

**Financial Statements**

**Wilson's Mills, North Carolina**

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

**Board of Commissioners**

Jim Uzzle, Jr., Mayor  
JC Triplett, Mayor Pro-Tem  
David McGowan  
Randy Jernigan  
Johnny C. Eason  
Phillip R. Wright

**Administrative Officers**

Leighanna Worley, Town Administrator  
Sherry Hudson, Finance Officer

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June 30, 2019**

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## **Financial Section**

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## **Independent Auditor's Report**

To the Honorable Mayor  
and Members of the Town Council  
Town of Wilson's Mills, North Carolina

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

I 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 Wilson's Mills, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my audit opinions.

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 47 through 48, and the Law Enforcement's Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 49 through 50 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Wilson's Mills, North Carolina. The combining and individual nonmajor fund statements, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and state awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for additional analysis and are a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit, the procedures performed as described above, the combining fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state

awards, 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*, I have also issued my report dated *October 5, 2020* on my consideration of Town of Wilson's Mills internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of Wilson's Mills internal control over financial reporting and compliance.

*Andrew Harris, CPA PLLC*

*Farmville, North Carolina*

*December 15, 2019, except for Note I (Date of Management's Review), as to which date is October 5, 2020.*

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



**Town of Wilson's Mills  
Management Discussion and Analysis  
June 30, 2019**

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

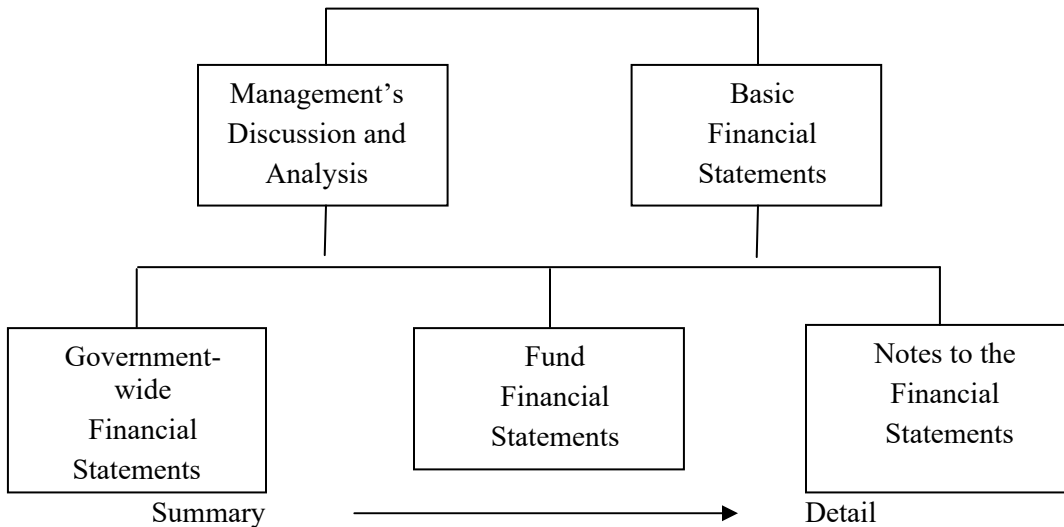
**Financial Highlights**

- The assets and deferred outflows of resources of the Town of Wilson's Mills exceeded its liabilities and deferred inflows or resources at the close of the fiscal year by \$4,976,949 (net position).
- The government's total net position increased by \$1,364,709, primarily due to increases in the business-type activities.
- At the close of the current fiscal year, the Town of Wilson's Mill's General Fund reported an ending fund balances of \$1,240,116 with a net change of \$37,435 in fund balance. Approximately 56.85 percent of this total amount, or \$704,987, is available for spending at the government's discretion (unassigned fund balance), which represents approximately 67.44 percent of the total general fund expenditures for the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Town of Wilson's Mill'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 of Wilson's Mills.

**Required Components of Annual Financial Report  
Figure 1**



**Basic Financial Statements**

**Town of Wilson's Mills**  
**Management Discussion and Analysis**  
**June 30, 2019**

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

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

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

### **Government-wide Financial Statements**

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and 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 transportation, environmental protection, 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 services offered by the Town of Wilson's Mills.

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

### **Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wilson's Mills, 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 Town of Wilson's Mills can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which

**Town of Wilson's Mills**  
**Management Discussion and Analysis**  
**June 30, 2019**

provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Wilson's Mills 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown as the end of the budgetary statement.

**Proprietary Funds** – Town of Wilson's Mills has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Wilson's Mills uses its enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

**Independence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modification to Federal and State laws and Federal and State appropriations.

**Town of Wilson's Mills  
Management Discussion and Analysis  
June 30, 2019**

**Government-wide Financial Analysis  
Town of Wilson's Mills Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Current and other assets	\$ 1,250,385	\$ 1,212,340	\$ 396,138	\$ 2,036,993	\$ 1,646,523	\$ 3,249,333
Capital assets	981,538	980,276	6,053,800	2,488,664	7,035,338	3,468,940
Deferred outflows of resources	159,536	123,697	-	-	159,536	123,697
Total assets and deferred outflows of resources	<u>\$ 2,391,459</u>	<u>\$ 2,316,313</u>	<u>\$ 6,449,938</u>	<u>\$ 4,525,657</u>	<u>\$ 8,841,397</u>	<u>\$ 6,841,970</u>
Long-term liabilities	\$ 348,694	\$ 338,034	\$ 3,084,703	\$ 3,138,238	\$ 3,433,397	\$ 3,476,272
Other liabilities	37,324	1,918	54,299	63,255	91,623	65,173
Deferred inflows of resources	7,221	12,591	-	-	7,221	12,591
Total liabilities and deferred inflows of resources	<u>\$ 393,239</u>	<u>\$ 352,543</u>	<u>\$ 3,139,002</u>	<u>\$ 3,201,493</u>	<u>\$ 3,532,241</u>	<u>\$ 3,554,036</u>
Net position:						
Invested in capital assets, net of related debt	\$ 847,078	\$ 830,439	\$ 2,969,098	\$ (649,574)	\$ 3,816,176	\$ 180,865
Restricted	429,790	422,915	-	2,025,739	429,790	2,448,654
Unrestricted	721,351	710,416	9,632	(52,001)	730,983	658,415
Total Net Position	<u>\$ 1,998,219</u>	<u>\$ 1,963,770</u>	<u>\$ 2,978,730</u>	<u>\$ 1,324,164</u>	<u>\$ 4,976,949</u>	<u>\$ 3,287,934</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Wilson's Mills exceeded liabilities and deferred outflows as by \$4,976,949 as of June 30, 2019. The Town's net position increased by \$1,364,709 for the fiscal year ended June 30, 2019. However, the largest portion of the Town's Net Position (76.68%) reflects the Town's investments in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Wilson's Mills uses these capital assets related debt still outstanding that was issued to acquire those items. The Town of Wilson's Mills uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the Town of Wilson's Mill's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Wilson's Mill's net position of \$429,790 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$730,983 is unrestricted.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net position:

**Governmental Activities**

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

**Town of Wilson's Mills  
Management Discussion and Analysis  
June 30, 2019**

of 99.98%, which is slightly less than the statewide average of 99%.

- Close monitoring of expenses in all departments.
- Grants and contributions received related CDBG project.

**Town of Wilson's Mills's Changes in Net Position  
Figure 3**

Program Revenues:						
Charges for services	\$ 29,528	\$ 60,392	\$ 27,000	\$ 2,659	\$ 56,528	\$ 63,051
Operating grants and contributions	85,979	200,683	-	-	85,979	200,683
Capital grants and contributions	-	-	1,184,776	14,817	1,184,776	14,817
General Revenues:						
Property taxes	702,798	684,093	-	-	702,798	684,093
Other taxes	-	352,294	-	-	-	352,294
Grants and contributions not restricted to specific programs	382,964	2,412	-	-	382,964	2,412
Other	5,287	13,398	104	2	5,391	13,400
<b>Total Revenues</b>	<b>\$ 1,206,556</b>	<b>\$ 1,313,272</b>	<b>\$ 1,211,880</b>	<b>\$ 17,478</b>	<b>\$ 2,418,436</b>	<b>\$ 1,330,750</b>
Expenses:						
General government	\$ 65,890	\$ 54,320	\$ -	\$ -	\$ 65,890	\$ 54,320
Administration	257,241	250,096	-	-	257,241	250,096
Streets	68,040	131,579	-	-	68,040	131,579
Planning boards	116,607	75,197	-	-	116,607	75,197
Park and recreation	81,486	25,034	-	-	81,486	25,034
Public safety	451,501	432,292	-	-	451,501	432,292
Animal control	1,711	1,114	-	-	1,711	1,114
Interest on long-term debt	1,102	4,302	-	-	1,102	4,302
Water and sewer	-	-	10,149	74,893	10,149	74,893
<b>Total Expenses</b>	<b>\$ 1,043,578</b>	<b>\$ 973,934</b>	<b>\$ 10,149</b>	<b>\$ 74,893</b>	<b>\$ 1,053,727</b>	<b>\$ 1,048,827</b>
Increase (Decrease) in Net Position						
Before Transfers	\$ 162,978	\$ 339,338	\$ 1,201,731	\$ (57,415)	\$ 1,364,709	\$ 281,923
Transfers	(128,529)	109,278	128,529	(109,278)	-	-
<b>Increase (Decrease) in Net Position</b>	<b>\$ 34,449</b>	<b>\$ 448,616</b>	<b>\$ 1,330,260</b>	<b>\$ (166,693)</b>	<b>\$ 1,364,709</b>	<b>\$ 281,923</b>
Net position, July 1, as previously reported	1,963,770	1,515,154	1,324,164	1,490,857	3,287,934	3,006,011
Prior period adjustment	-	-	324,306	-	324,306	-
Net position, July 1, as restated	1,963,770	1,515,154	1,648,470	1,490,857	3,612,240	3,006,011
<b>Net Position, June 30</b>	<b>\$ 1,998,219</b>	<b>\$ 1,963,770</b>	<b>\$ 2,978,730</b>	<b>\$ 1,324,164</b>	<b>\$ 4,652,643</b>	<b>\$ 3,287,934</b>

**Governmental Activities.** Governmental activities increased the Town's net position by \$34,449 thereby accounting for 3.64% of the total growth in the net position of the Town of Wilson's Mills.

**Town of Wilson's Mills**  
**Management Discussion and Analysis**  
**June 30, 2019**

**Business-type Activities.** Business-type activities increased the Town's net position by \$1,364,164 due to capital grant proceeds.

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

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

**Governmental Funds.** The focus of the Town of Wilson's Mill'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 Wilson's Mill's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the principal operating fund of the Town of Wilson's Mills. At the end of the current fiscal year, unassigned fund balance for the general fund was \$704,987, with a total fund balance amounted of \$1,240,116. The Town currently has an unassigned fund balance of 67.44 percent of general fund expenditures, while total fund balance represents 118.62 percent of the same amount.

At June 30, 2019, the governmental fund of Town of Wilson's Mills reported a fund balance of \$1,240,113 with a net increase in fund balance of \$37,435.

**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 more than the budgeted amounts primarily due to the Town failing to budget enough for Ad Valorem Taxes, Local Option Sales Taxes and Cemetery related sales. Expenditures were held in check to comply with its budgetary requirements.

**Proprietary Funds.** The Town of Wilson's Mill'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 \$9,632. The total increase in net position for the fund was \$1,330,260. The change in net position in the Water and Sewer Fund is a result of capital project grant and loan proceeds.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Wilson's Mill's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$7,035,338 (net of accumulated depreciation). These assets include buildings, roads, and bridges, land, machinery and equipment, office furniture, and vehicles.

**Town of Wilson's Mills  
Management Discussion and Analysis  
June 30, 2019**

**Town of Wilson's Mill's Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	6/30/19	6/30/18	6/30/19	6/30/18	6/30/19	6/30/18
Land	\$ 451,027	\$ 451,027	\$ 357,356	\$ 357,356	\$ 808,383	\$ 808,383
Buildings and system	88,696	121,585	-	-	88,696	121,585
Machinery and equipment	390,936	322,696	288,072	295,636	679,008	618,332
Vehicles and motorized equipment	50,879	43,120	-	-	50,879	43,120
Construction in progress	-	41,848	5,408,372	1,835,672	5,408,372	1,877,520
Total	\$ 981,538	\$ 980,276	\$ 6,053,800	\$ 2,488,664	\$ 7,035,338	\$ 3,468,940

Additional information on the Town's capital assets can be found in Note III.A.4 to the Basic Financial Statements, beginning on page 31

**Long-term Debt.** As of June 30, 2019, the Town of Wilson's Mills had no bonded debt outstanding. All of the Town's debt represents financing agreements secured solely by specified revenue sources (i.e. revenue bonds).

**Town of Wilson's Mills's Outstanding Debt  
General Obligations and Revenue Bonds  
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchase	\$ 134,460	\$ 149,837	\$ 81,703	\$ 135,238	\$ 216,163	\$ 285,075
Revenue bonds	-	-	3,003,000	3,003,000	3,003,000	3,003,000
Pension related debt (LGERS)	101,062	82,497	-	-	101,062	82,497
Pension related debt (LEO)	113,172	89,651	-	-	113,172	89,651
Compensated absences	27,652	16,049	-	-	27,652	16,049
Total	\$ 376,346	\$ 338,034	\$ 3,084,703	\$ 3,138,238	\$ 3,461,049	\$ 3,476,272

**Town of Wilson's Mills  
Management Discussion and Analysis  
June 30, 2019**

**Town of Wilson's Mill's Outstanding Debt**

The Town of Wilson's Mills' total debt decreased by \$15,223 (0.44%) during the past fiscal year, the Town made annual payments on the revolving loans in the amount of \$123,786.

As mentioned in the financial highlights section of this document, the Town of Wilson's Mills has maintained its AAA bond rating. The Town's Board believes this bond rating is a clear indication of the sound financial condition of the Town of Wilson's Mills. This achievement is a primary factor in keeping interest costs low on the Town's outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of governmental can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Wilson's Mills is \$9,178,357. The Town has \$0 in bonds authorized but un-issued at June 30, 2019.

Additional information regarding the Town of Wilson's Mills's long-term debt can be found in note III.B.5a beginning on page 44 of this report.

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

The following key economic indicators reflect that overall changes in the growth and prosperity of the Town of Wilson's Mills:

- *Stable Tax Base.* The budget calls for maintaining 42 cents per \$100 valuation tax rate.

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

- **General Fund.** The total budgeted expenditures in the General Fund are expected to be consistent to the prior year

**Business-type Activities**

- **Water and Sewer Fund.** The water and sewer budget is expected to be consistent to the prior year.

**Requests for Information**

This report is designed to provide an overview of the Town of Wilson's Mill's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Wilson's Mills, PO Box 448, Wilson's Mills, North Carolina 27593. You can also call (919) 938-3885 or visit our website at [www.wilsonsmillsnc.org](http://www.wilsonsmillsnc.org).



## **Basic Financial Statements**

**Town of Wilson's Mills, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 820,008	\$ 9,632	\$ 829,640
Taxes receivable (net)	587	-	587
Grant receivables	-	387,138	387,138
Due from other governments	86,824	-	86,824
Restricted cash and cash equivalents	342,966	-	342,966
Total Current Assets	<u>\$ 1,250,385</u>	<u>\$ 396,770</u>	<u>\$ 1,647,155</u>
Non-current assets:			
Capital Assets:			
Land, non-depreciable improvements, and construction in progress	\$ 451,027	\$ 5,765,728	\$ 6,216,755
Other capital assets, net of depreciation	530,511	288,072	818,583
Total Capital Assets	<u>\$ 981,538</u>	<u>\$ 6,053,800</u>	<u>\$ 7,035,338</u>
Total non-current assets	<u>\$ 981,538</u>	<u>\$ 6,053,800</u>	<u>\$ 7,035,338</u>
Total Assets	<u>\$ 2,231,923</u>	<u>\$ 6,450,570</u>	<u>\$ 8,682,493</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	101,842	-	101,842
Contributions to pension plan in current fiscal year	57,694	-	57,694
Total deferred outflows of resources	<u>159,536</u>	<u>-</u>	<u>159,536</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 9,672	\$ 387,137	\$ 396,809
Compensated absences	27,652	-	27,652
Current portion of long-term liabilities	17,316	54,299	71,615
Total current liabilities	<u>\$ 54,640</u>	<u>\$ 441,436</u>	<u>\$ 496,076</u>
Long-term Liabilities:			
Net pension liability	\$ 101,062	\$ -	\$ 101,062
Total pension liability	113,172	-	113,172
Due in more than one year	117,144	3,030,404	3,147,548
Total long-term liabilities	<u>331,378</u>	<u>3,030,404</u>	<u>3,361,782</u>
Total Liabilities	<u>\$ 386,018</u>	<u>\$ 3,471,840</u>	<u>\$ 3,857,858</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	\$ 587	\$ -	\$ 587
Pension deferrals	6,634	-	6,634
Total deferred inflows of resources	<u>\$ 7,221</u>	<u>\$ -</u>	<u>\$ 7,221</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 847,078	\$ 2,969,098	\$ 3,816,176
Restricted for:			
Public safety	1,285	-	1,285
Transportation-Powell Bill	341,681	-	341,681
Stabilization by State statute	86,824	-	86,824
Unrestricted	721,351	9,632	730,983
Total Net Position	<u>\$ 1,998,219</u>	<u>\$ 2,978,730</u>	<u>\$ 4,976,949</u>

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

**Town of Wilson's Mills, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Governing body	\$ 65,890	\$ -	\$ -	\$ -	\$ (65,890)	\$ -	\$ (65,890)
Administration	257,241	-	-	-	(257,241)	-	(257,241)
Streets	68,040	-	66,782	-	(1,258)	-	(1,258)
Planning boards	116,607	24,723	-	-	(91,884)	-	(91,884)
Parks and recreation	81,486	2,870	710	-	(77,906)	-	(77,906)
Public safety	451,501	1,935	18,487	-	(431,079)	-	(431,079)
Animal control	1,711	-	-	-	(1,711)	-	(1,711)
Interest on long-term debt	1,102	-	-	-	(1,102)	-	(1,102)
Total Governmental Activities	\$ 1,043,578	\$ 29,528	\$ 85,979	\$ -	\$ (928,071)	\$ -	\$ (928,071)
Business-type Activities:							
Water and sewer	\$ 10,149	\$ 27,000	\$ -	\$ 1,184,776	\$ -	\$ 1,201,627	\$ 1,201,627
Total Business-type Activities	\$ 10,149	\$ 27,000	\$ -	\$ 1,184,776	\$ -	\$ 1,201,627	\$ 1,201,627
Total Primary Government	\$ 1,053,727	\$ 56,528	\$ 85,979	\$ 1,184,776	\$ (928,071)	\$ 1,201,627	\$ 273,556
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 702,798	\$ -	\$ 702,798
Grants and contributions not restricted to specific programs					382,964	-	382,964
Investment earnings, unrestricted					2,611	104	2,715
Gain (loss) on disposal of assets					(1,510)	-	(1,510)
Miscellaneous					4,186	-	4,186
Transfers					(128,529)	128,529	-
Total General Revenues and Transfers					\$ 962,520	\$ 128,633	\$ 1,091,153
Change in Net Position					34,449	1,330,260	1,364,709
Net Position, beginning, as previously reported					1,963,770	1,324,164	3,287,934
Prior period adjustment					-	324,306	324,306
Net Position, ending, restated					1,963,770	1,648,470	3,612,240
Net Position, ending					\$ 1,998,219	\$ 2,978,730	\$ 4,976,949

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

**Town of Wilson's Mills, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>Major Fund</b>	<b>Total</b>
	<b>General Fund</b>	<b>Governmental</b>
		<b>Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 820,008	\$ 820,008
Restricted cash and cash equivalents	342,966	342,966
Receivables, net:		
Taxes	587	587
Due from other governments	86,824	86,824
Total Assets	\$ 1,250,385	\$ 1,250,385
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 9,672	\$ 9,672
Total Liabilities	\$ 9,672	\$ 9,672
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	\$ 587	\$ 587
Prepaid taxes	10	10
Total Deferred Inflows of Resources	\$ 597	\$ 597
Fund Balances:		
Restricted for:		
Stabilization by State Statute	\$ 86,824	\$ 86,824
Public safety	1,285	1,285
Streets - Powell Bill	341,681	341,681
Appropriated fund balance 2020 budget	105,339	105,339
Unassigned	704,987	704,987
Total Fund Balances	\$ 1,240,116	\$ 1,240,116
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,250,385	

Amounts reported for governmental activities in the Statement of Net Position is different because:

Compensated absences		\$ (27,652)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 1,382,276	
Accumulated depreciation	(400,738)	981,538
Net pension liability		(101,062)
Total pension liability		(113,172)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources of resources on the Statement of Net Position		49,278
Pension plan deferrals		103,046
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		(134,460)
Liabilities for earned but unavailable revenues considered deferred inflows of resources in fund statements.		587
Net Position of Governmental Activities		\$ 1,998,219

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

**Town of Wilson's Mills, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 706,108	\$ 706,108
Unrestricted intergovernmental	400,801	400,801
Restricted intergovernmental	66,782	66,782
Permits and fees	26,657	26,657
Sales and services	2,870	2,870
Investment earnings	2,611	2,611
Miscellaneous	5,546	5,546
Total Revenues	<u>\$ 1,211,375</u>	<u>\$ 1,211,375</u>
<b>EXPENDITURES</b>		
Current:		
Governing body	\$ 65,890	\$ 65,890
Administration	249,498	249,498
Streets	78,306	78,306
Planning board	116,473	116,473
Parks and recreation	50,467	50,467
Public safety	432,022	432,022
Animal control	1,711	1,711
Debt service:		
Principal	22,031	22,031
Interest and other charges	29,013	29,013
Total Expenditures	<u>\$ 1,045,411</u>	<u>\$ 1,045,411</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 165,964</u>	<u>\$ 165,964</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers (to) from other funds	(128,529)	(128,529)
Total Other Financing Sources (Uses)	<u>(128,529)</u>	<u>(128,529)</u>
Net Change in Fund Balance	\$ 37,435	\$ 37,435
Fund Balances, beginning	1,202,678	1,202,678
Fund Balances, ending	<u>\$ 1,240,113</u>	<u>\$ 1,240,113</u>

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

**Town of Wilson's Mills, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds	\$	37,435
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period</p>		
Capital outlay expenditures which were capitalized	\$	72,194
Depreciation expense for governmental assets		(69,443)
		(1,489)
		1,262
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		49,278
<p>Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities</p>		
		(2,663)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
<p>Change in unavailable revenue for tax revenues</p>		
		(3,310)
<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. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
<p>Principal payments on long-term debt</p>		
		15,377
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
<p>Compensated absences</p>		
		(11,603)
<p>Pension expense</p>		
		(51,327)
Total Changes in Net Position of Governmental Activities	\$	34,449

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

**Town of Wilson's Mills, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 650,979	\$ 676,917	\$ 706,108	\$ 29,191
Unrestricted intergovernmental	338,650	338,650	400,801	62,151
Restricted intergovernmental	65,600	65,600	66,782	1,182
Permits and fees	20,750	20,750	26,657	5,907
Sales and services	3,500	3,500	2,870	(630)
Investment earnings	500	500	2,611	2,111
Other	-	-	5,546	5,546
Total Revenues	<u>\$ 1,079,979</u>	<u>\$ 1,105,917</u>	<u>\$ 1,211,375</u>	<u>\$ 105,458</u>
<b>EXPENDITURES</b>				
Current:				
Governing body	\$ 59,299	\$ 66,083	\$ 65,890	\$ 193
Administration	211,798	240,735	249,498	(8,763)
Streets	130,441	131,454	78,306	53,148
Planning board	86,347	114,262	116,473	(2,211)
Parks and recreation	61,919	42,912	50,467	(7,555)
Public safety	471,078	400,852	432,022	(31,170)
Animal control	2,397	1,747	1,711	36
Debt service:				
Principal retirement	-	51,172	22,031	29,141
Interest and other charges	-	-	29,013	(29,013)
Total Expenditures	<u>\$ 1,023,279</u>	<u>\$ 1,049,217</u>	<u>\$ 1,045,411</u>	<u>\$ 3,678</u>
Revenues Over (Under) Expenditures	<u>\$ 56,700</u>	<u>\$ 56,700</u>	<u>\$ 165,964</u>	<u>\$ 109,136</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from (to) other funds	\$ (56,700)	\$ (56,700)	\$ (128,529)	\$ -
Total Other Financing Sources (Uses)	<u>\$ (56,700)</u>	<u>\$ (56,700)</u>	<u>\$ (128,529)</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,435</u>	<u>\$ 109,136</u>
Fund balance, beginning, restated			1,202,678	
Fund balance, ending			<u>\$ 1,240,113</u>	

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

**Town of Wilson's Mills, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2019**

	<b>Water and Sewer Fund</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 9,632
Grant receivables	387,138
Total Current Assets	\$ 396,770
Noncurrent assets:	
Capital Assets:	
Land and other nondepreciable assets	\$ 357,356
Construction work in progress	5,408,372
Other capital assets, net of depreciation	288,072
Capital assets (net)	\$ 6,053,800
Total noncurrent assets	\$ 6,053,800
Total Assets	\$ 6,450,570
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 387,137
Long-term debt, current portion	54,299
Total Current Liabilities	\$ 441,436
Non-current Liabilities:	
Long-term debt, non-current portion	3,030,404
Total Non-current Liabilities	\$ 3,030,404
Total Liabilities	\$ 3,471,840
<b>NET POSITION</b>	
Net investment in capital assets, net of related debt	\$ 2,969,098
Unrestricted	9,632
Total Net Position	\$ 2,978,730

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



**Town of Wilson's Mills, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

	<b>Water and Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Water and sewer taps	\$ 27,000
Total Operating Revenues	\$ 27,000
<b>OPERATING EXPENSES</b>	
Depreciation	\$ 7,564
Total Operating Expenses	\$ 7,564
Operating Income (Loss)	\$ 19,436
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 104
Interest and other charges	(2,585)
Total Non-operating Revenue (Expenses)	\$ (2,481)
<b>Income (loss) before contributions and transfers</b>	\$ 16,955
Capital contributions	1,184,776
Transfers in (out) from other funds	128,529
<b>Change in Net Position</b>	\$ 1,330,260
Total Net Position, beginning, as previously reported	\$ 1,324,164
Prio period adjustment	324,306
Total Net Position, beginning, as restated	1,648,470
Total Net Position, ending	\$ 2,978,730

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

**Town of Wilson's Mills, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 27,000
Net Cash Provided (Used) by Operating Activities	\$ 27,000
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 128,529
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 128,529
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions	\$ 797,638
Acquisition and construction of capital assets	(2,924,512)
Principal paid on bonds and installment notes	(53,535)
Interest paid on bonds and installment notes	(2,585)
Net Cash Provided (Used ) by Capital and Related Financing Activities	\$ (2,182,994)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interests and dividends	\$ 104
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (2,027,361)
Cash and Cash Equivalents, July 1	2,036,993
Cash and Cash Equivalents, June 30	\$ 9,632
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income (loss)	\$ 19,436
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	7,564
Total Adjustments	\$ 7,564
Net Cash Provided (Used) by Operating Activities	\$ 27,000
<b>Supplement Disclosure of Cash Flows Information:</b>	
Cash consists of the following:	
Unrestricted cash and cash equivalents	\$ 9,632
Cash and Cash Equivalents, June 30	\$ 9,632

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

**Town of Wilson's Mills, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2019**

	<b>Private Purpose Trust Fund</b>
<b>Assets</b>	
Investments	\$ 27,185
<b>Total assets</b>	<u>27,185</u>
<b>Net position</b>	<u>\$ 27,185</u>

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

**Town of Wilson's Mills, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2019**

	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS:</b>	
Investment earnings	\$ 149
<b>Changes in net assets</b>	\$ 149
<b>NET POSITION:</b>	
Total net position, beginning	27,036
Total net position, ending	27,185

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

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Wilson's Mills conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Wilson's Mills is a municipal corporation that is governed by an elected mayor and a five-member Town Council. As required by generally accepted accounting principles, these financial statements present the Town and all of its operations.

B. Basis of Presentation - Fund Accounting

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. 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 and investment earnings, result from non-exchange transactions or ancillary activities.

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

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

and licenses. The primary expenditures are for public safety, street maintenance and construction, and recreation.

**Private-Purpose Trust Fund.** This fund is used to account for trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The Town maintains one private-purpose trust fund which was created for the purpose of planting trees in the Town.

The Town reports the following major enterprise funds:

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

**USDA Wastewater Systems Improvements Project Fund** This fund is used to account for the Town's Wastewater Systems Improvements project revenues and expenditures.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's 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 enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

*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 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Wilson's Mills because the tax is levied by Johnston County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. During the year, there were amendments to the original budget. 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

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized costs, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4

Governmental Activities	
General Fund	
Streets	\$ 341,681
Public Safety	<u>1,285</u>
Total governmental activities	<u>\$ 342,966</u>
Total restricted cash	<u><u>\$ 342,966</u></u>

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts



**Town of Wilson's Mills**  
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**For the Year Ended June 30, 2019**

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

6. Inventory and Prepaid Items

The Town does not maintain any inventories. 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. These payments are expensed as items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land \$1,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$2,000; equipment and furniture, \$500; vehicles and motorized equipment, \$1,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 have not been recorded as permitted by GASB Statement 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	50 years
Buildings	30 years
Other Improvements	25 years
Vehicles	5-6 years
Furniture and Equipment	7-10 years
Computer Equipment	3 years

8. 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 recognized as an expense or expenditure until then. The Town of Wilson's Mills has one item that meet this criterion, pension deferrals in 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 only several items that

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

meets the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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.

11. Net Position/Fund Balances

a. 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 assets represent 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.

b. 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:

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
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*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 Police* - portion of fund balance that is available for appropriation but legally segregated for police department expenditures. This amount represents the balance of the total unexpended drug seizure funds.

*Assigned Fund Balance* – portion of fund balance that the Town intends to use for specific purposes.

*Subsequent year's expenditures* – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

The Town of Wilson's Mills has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Town Administrator has the authority to deviate from this policy if it is in the best interest of the Town.

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

12. Deferred Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, 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 Wilson's Mills's employer contributions are recognized when due and the Town of Wilson's Mills 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.

13. Use of Estimates

The preparation of the accompanying general purpose financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

14. Date of Management's Review

Subsequent events were reviewed to December 15, 2019 with the exception to the revision of the Schedule of Expenditures of Federal and State Awards, the prior period adjustment finding relating to the prior year revenues and expenditures, cash, accounts receivables, and accounts payables for the USDA Wastewater Systems Improvement Project Fund for the year ended June 30, 2019. The audit work was completed on October 5, 2020, which resulted in the dual-dating of my audit report.

**II. Stewardship, Compliance, and Accountability**

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for administration, planning board, parks and recreation, public safety, and transfer activities by \$8,763, \$2,211, \$7,555, \$31,170, and \$71,829, respectively. These over-expenditures occurred because of oversight not preparing proper budget amendments. Management and the Board will more closely review the budget reports to ensure compliance in future years.

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for debt service by \$92,663. These over-expenditures occurred because of oversight not preparing proper budget amendments. Management and the Board will more closely review the budget reports to ensure compliance in future years.

**III. Detail Notes on All Funds**

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
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A. Assets

1. Deposits

All 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 unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the 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, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository for collateralized public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$1,172,456 and a bank balance of \$1,181,941. Of the bank balance, \$500,000 was covered by federal depository insurance and \$682,091 was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$150.

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

General Fund:

Allowance for uncollectible property taxes receivable	\$ 1,705
	<u>\$ 1,705</u>

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
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3. Capital Assets

- a. Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 451,027	\$ -	\$ -	\$ 451,027
Construction in progress	41,848	-	41,848	-
Total Capital Assets Not Being Depreciated	\$ 492,875	\$ -	\$ 41,848	\$ 451,027
Capital Assets Being Depreciated:				
Buildings	\$ 169,300	\$ -	\$ 29,300	\$ 140,000
Equipment	458,619	113,668	10,600	561,687
Vehicles	202,188	29,674	2,300	229,562
Total Capital Assets Being Depreciated	\$ 830,107	\$ 143,342	\$ 42,200	\$ 931,249
Less accumulated depreciation for:				
Buildings	\$ 47,715	\$ 3,589	\$ -	\$ 51,304
Equipment	135,923	44,399	9,571	170,751
Vehicles	159,068	21,455	1,840	178,683
Total accumulated depreciation	\$ 342,706	\$ 69,443	\$ 11,411	\$ 400,738
Total Capital Assets Being Depreciated, Net	487,401			530,511
Governmental Activity Capital Assets, Net	\$ 980,276			\$ 981,538

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

General government	\$ 3,588
Public safety	23,069
Transportation	8,626
Cultural and recreational	34,160
Total Depreciation Expense	\$ 69,443

- b. Capital asset activity for the Water and Sewer Fund for the year ended June 30, 2019 was as follows:

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

<u>Water/Sewer Fund</u>	<u>Beginning Balances, restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activity:				
Capital Assets Not Being Depreciated:				
Land and other non-depreciable assets	\$ 357,356	\$ -	\$ -	\$ 357,356
Construction in Process	2,371,384	3,036,988	-	5,408,372
Total Capital Assets Not Being Depreciated	<u>\$ 2,728,740</u>	<u>\$ 3,036,988</u>	<u>\$ -</u>	<u>\$ 5,765,728</u>
Capital Assets Being Depreciated:				
Plant and distribution systems	\$ 378,213	\$ -	\$ -	\$ 378,213
Total Capital Assets Being Depreciated	<u>\$ 378,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,213</u>
Less accumulated depreciation for:				
Plant and distribution systems	\$ 82,577	\$ 7,564	\$ -	\$ 90,141
Total Accumulated Depreciation	<u>\$ 82,577</u>	<u>\$ 7,564</u>	<u>\$ -</u>	<u>\$ 90,141</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 295,636</u>			<u>\$ 288,072</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,024,376</u>			<u>\$ 6,053,800</u>

**Construction Commitments**

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water and sewer construction	<u>\$ 4,226,986</u>	<u>\$ 1,063,531</u>

**B. Liabilities**

**1. Pension Plan Obligations**

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

*Plan Description.* The Town of Wilson's Mills 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, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Wilson's Mills 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 Wilson's Mill's contractually required contribution rate for the year ended June 30, 2019, was 11.32% of compensation for law enforcement officers and 10.57% 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 Wilson's Mills were \$64,888 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.



**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

***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 \$101,062 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 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 0.00426%, which was an decrease of 0.00114% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$33,581. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,591	\$ 523
Changes of assumptions	26,818	-
Net difference between projected and actual earnings on pension plan investments	13,873	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,524	3,442
Town contributions subsequent to the measurement date	46,615	-
Total	<u>\$ 112,421</u>	<u>\$ 3,965</u>

\$46,615 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an 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:

<b>Year ended June 30:</b>	
2020	\$ 29,547
2021	18,096
2022	5,327
2023	8,870
2024	-
Thereafter	-
	<u>\$ 61,840</u>

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

*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

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:

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

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

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 242,759	\$ 101,062	\$ (17,343)

*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.

a. Law Enforcement Officers Special Separation Allowance

***1. Plan Description.***

The Town of Wilson's Mills 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

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

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:

Inactive members currently receiving benefits	1
Active plan members	5
Total	6

**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	2.5 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 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-2000 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 \$2,663 as benefits came due for the reporting period.

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

***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 \$113,172. 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 \$21,730.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 42,103	\$ -
Changes of assumptions	2,349	2,659
County benefit payments and plan administrative expense made subsequent to the measurement date	1,229	-
Total	\$ 45,681	\$ 2,659

\$1,229 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred inflows of resources:

**Year ended June 30:**

2020	\$ 924
2021	924
2022	811
	\$ 2,659

\$1,229 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

*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:

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	\$ 119,613	\$ 113,172	\$ 107,111

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

	<b>2019</b>
Beginning balance	\$ 89,651
Service Cost	3,911
Interest on the total pension liability	2,791
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	22,526
Changes of assumptions or other inputs	(3,044)
Benefit payments	(2,663)
Other changes	-
Ending balance of the total pension liability	\$ 113,172

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 Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

	LGERS	LEOSSA
Pension Expense	\$ 33,581	\$ 21,730
Pension Liability	101,062	113,172
Proportionate share of the net pension liability	0.00426%	n/a
Deferred Outflows of Resources		
Differences between expected and actual experience	15,591	42,103
Changes in assumptions	26,818	2,349
Net difference between projected and actual earnings on plan investments	13,873	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,524	-
Benefit payments and administrative costs paid subsequent to the measurement date	46,615	2,663
Deferred Inflows of Resources		
Differences between expected and actual experience	523	-
Changes in assumptions		2,659
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,442	-

b. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town of Wilson's Mills contributes to 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 enforcements 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 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, an all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$10,591 for the reporting year. No amounts were forfeited.

c. Other Employment Benefits

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

The Town has 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 1.5 times annual earnings, rounded to the next highest \$1,000, with a maximum of \$200,000. The amount described above, multiplied by the appropriate age percentage. The insurance is provided by Provident Life Insurance issued to Municipal Insurance Trust of North Carolina. All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 49,278
Benefit payments made and administrative expenses for LEOSA	
Differences between expected and actual experience	57,694
Changes of assumptions	29,167
Net difference between projected and actual earnings on pension plan investments	13,873
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,524
Total	<u>\$ 159,536</u>

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



**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

Source	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes	\$ 10	\$ 10
Taxes receivable, less penalties (General Fund)	-	587
Changes in assumptions	2,659	-
Differences between expected and actual experience	523	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,442	
<b>Total</b>	<u><u>\$ 6,634</u></u>	<u><u>\$ 597</u></u>

**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 maintains commercial insurance with two private sector insurance agencies. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit.

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

The Town does not currently carry flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. All employees that have access to funds are bonded under a blanket bond of \$75,000.

The finance officer is bonded individually for \$75,000, and the tax collector is bonded for \$75,000 as required by G.S. 159-29.

**3. Long-term Obligations**

Notes payable included in the accompanying financial statements include the purchase of various equipment and construction of water lines. The Town's notes payable at June 30, 2019 comprised of the following individual notes.

*Governmental Activities:*

On November 1, 2015, the Town entered into an installment purchase contract to finance a police car. The contract requires payments of \$8,032 per year including interest at 4.70%

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

beginning November 1, 2015 and matures November 1, 2019. The balance of this contract is \$7,672 at June 30, 2019.

On August 31, 2016, the Town entered into a loan agreement to purchase land for a park. The contract requires monthly payments of \$1,104 beginning October 5, 2016 and matures September 5, 2030. The interest rate is 2.95%. The balance of this contract is \$126,788 at June 30, 2019.

a. Installment Purchase

The future maturities of installment debt for governmental activities are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 17,316	\$ 3,969	\$ 21,285
2021	9,941	3,311	13,252
2022	10,237	3,015	13,252
2023	10,542	2,710	13,252
2024	10,850	2,402	13,252
2025-2029	59,329	6,932	66,261
2030-2031	16,245	321	16,566
	<u>\$ 134,460</u>	<u>\$ 22,660</u>	<u>\$ 157,120</u>

*Business-type Activities:*

On May 17, 2017 the Town entered into a finance agreement with BB&T to finance Water and Sewer equipment for \$131,000. The contract requires quarterly payments in the amount of \$6,945, and a portion of each payment is paid and represents payment of interest at an annual interest rate of 2.26% beginning August 26, 2017 and matures April 26, 2021. The balance of this contract is \$54,185 at June 30, 2019.

On August 30, 2013 the Town entered into an installment purchase contract for \$176,623 to refinance a sewer line extension. The contract requires principal payments of \$28,341 per year plus interest at 2.95% and matures in August 2019. The balance of this contract is \$27,518 at June 30, 2019.

\$373,000 USDA Water and Sewer Revenue Bonds, Series 2019B, issued for Water and Sewer system improvements. Principal and interest installments are due annually on June 1 at an annual interest rate of 2.75%.

\$2,630,000 USDA Water and Sewer Revenue Bonds, Series 2019A, issued for Water and Sewer system improvements. Principal and interest installments are due annually on June 1 at an annual interest rate of 3.25%

Annual debt service requirements to maturity for business-type activities are as follows:

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 54,299	\$ 92,833	\$ 147,132
2021	68,404	96,108	164,512
2022	42,000	94,430	136,430
2023	43,000	93,095	136,095
2024	44,000	91,728	135,728
2025-2029	241,000	436,863	677,863
2030-2034	282,000	395,917	677,917
2035-2039	330,000	347,980	677,980
2039-2044	385,000	292,085	677,085
2045-2049	451,000	226,595	677,595
2050-2054	528,000	149,892	677,892
2055-2059	616,000	60,015	676,015
	<u>\$ 3,084,703</u>	<u>\$ 2,377,541</u>	<u>\$ 5,462,244</u>

b. Changes in Long-term Liabilities

The following is a summary of changes in the Town's long-term obligations as of June 30, 2019.

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Net pension liability	\$ 82,497	\$ 18,565	\$ -	\$ 101,062	\$ -
Total pension liability	89,651	23,521	-	113,172	-
Installment purchase	149,837	-	15,377	134,460	17,316
Compensated absences	16,049	18,257	6,654	27,652	-
Governmental Activity Long-term Liabilities	<u>\$ 338,034</u>	<u>\$ 60,343</u>	<u>\$ 22,031</u>	<u>\$ 376,346</u>	<u>\$ 17,316</u>
<b>Business-type Activities:</b>					
Installment purchase	135,238	-	53,535	81,703	54,299
USDA Revenue bonds	3,003,000	-	-	3,003,000	-
Total Business-type Activity	<u>\$3,138,238</u>	<u>\$ -</u>	<u>\$ 53,535</u>	<u>\$ 3,084,703</u>	<u>\$ 54,299</u>

C. Interfund Balances and Activity

**Town of Wilson's Mills  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

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

From the General Fund to the Water  
and Sewer Fund - payment of debt      \$    128,529  
service

The General fund paid debt service expenses for the Water and Sewer Fund in the amount of \$128,529 during the construction of the water and sewer system.

**D. Fund Balance**

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

Total fund balance - General Fund	\$ 1,240,113
Less:	
Stabilization by State Statute	86,824
Public safety	1,285
Streets - Powell Bill	341,681
Appropriated Fund Balance in 2020 budget	105,339
Unassigned	704,984
Remaining Fund Balance	\$ -

**IV. Net Investment in Capital Assets**

	<b>Governmental</b>	<b>Business-type</b>
Capital assets	\$ 981,538	6,053,800
Less:		
Long-term debt	(134,460)	(3,084,703)
Net investment in capital assets	<u>\$ 847,078</u>	<u>\$ 2,969,097</u>

**V. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The Town has received proceeds from 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 moneys to the grantor agencies. Management believes that any required refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**Town of Wilson's Mills**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**XI. Restatements**

Prior Period Adjustment

During the fiscal year ended June 30, 2019, the Town determined that certain restricted intergovernmental revenues and expenditures, cash, accounts receivables, and accounts payables that were subject to recognized in the USDA Wastewater Systems Improvements Project Fund as of June 30, 2019, on a modified accrual basis of accounting, had been omitted or incorrectly reported. Therefore, an adjustment to beginning fund balance and net position has been recorded to account for those accruals, the net effect of which increased beginning fund balance and net position by \$324,306.

## **Required Supplementary Financial Data**

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance

**Town of Wilson's Mills, North Carolina**  
**Town of Wilson Mill's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wilson's Mill's proportion of the net pension liability (asset) (%)	0.00426%	0.00540%	0.00540%	0.00791%	0.00636%	0.00500%
Wilson's Mill's proportion of the net pension liability (asset) (\$)	\$ 101,062	\$ 82,497	\$ 114,606	\$ 35,500	\$ (37,509)	\$ 60,269
Wilson's Mill's covered-employee payroll	\$ 425,458	\$ 329,520	\$ 300,343	\$ 320,179	\$ 267,165	\$ 224,144
Wilson's Mill's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.75%	25.04%	38.16%	11.09%	( 14.04%)	26.89%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

**Town of Wilson's Mills, North Carolina**  
**Town of Wilson Mill's Contributions**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 46,615	\$ 35,399	\$ 31,592	\$ 30,628	\$ 32,632	\$ 19,338
Contributions in relation to the contractually required contribution	46,615	35,399	31,592	30,628	32,632	19,338
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilson's Mills covered-employee payroll	\$ 425,458	\$ 329,520	\$ 300,343	\$ 313,167	\$ 320,179	\$ 267,165
Contributions as a percentage of covered-employee payroll	10.96%	10.74%	10.52%	9.78%	10.19%	7.24%



**Town of Wilson's Mills, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 89,651	\$ 39,425	\$ 38,887
Service Cost	3,911	3,249	2,717
Interest on the total pension liability	2,791	1,470	1,341
Differences between expected and actual experience in the measurement of the total pension liability	22,526	44,069	-
Changes of assumptions or other inputs	(3,044)	4,101	(857)
Benefit payments	<u>(2,663)</u>	<u>(2,663)</u>	<u>(2,663)</u>
Ending balance of the total pension liability	<u>\$ 113,172</u>	<u>\$ 89,651</u>	<u>\$ 39,425</u>

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

**Town of Wilson's Mills, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 113,172	\$ 89,651	\$ 39,425
Covered payroll	197,980	186,988	191,344
Total pension liability as a percentage of covered payroll	57.16%	47.94%	20.60%

Notes to the schedules:

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

## **Supplemental Information**

**Town of Wilson's Mills, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Ad Valorem Taxes:			
Taxes		\$ 703,953	
Penalties and interest		2,155	
Total Ad Valorem Taxes	<u>\$ 676,917</u>	<u>\$ 706,108</u>	<u>\$ 29,191</u>
Unrestricted Intergovernmental:			
Utility franchise tax		\$ 63,547	
Beer and wine tax		11,442	
Local option sales tax		297,940	
ABC profit distribution		17,837	
Piped natural gas tax		623	
Video programming tax		8,617	
Telecommunications sales tax		795	
Total Unrestricted Intergovernmental	<u>\$ 338,650</u>	<u>\$ 400,801</u>	<u>\$ 62,151</u>
Restricted Intergovernmental:			
Powell Bill allocation		\$ 66,782	
Total Restricted Intergovernmental	<u>\$ 65,600</u>	<u>\$ 66,782</u>	<u>\$ 1,182</u>
Permits and fees:			
Zoning permits and other fees		\$ 26,657	
Total Permits and Fees	<u>\$ 20,750</u>	<u>\$ 26,657</u>	<u>\$ 5,907</u>
Sales and services:			
Festival income		\$ 2,870	
Total Sales and Services	<u>\$ 3,500</u>	<u>\$ 2,870</u>	<u>\$ (630)</u>
Investment earnings	<u>\$ 500</u>	<u>\$ 2,611</u>	<u>\$ 2,111</u>
Miscellaneous:			
All other		\$ 5,546	
Total Miscellaneous	<u>\$ -</u>	<u>\$ 5,546</u>	<u>\$ 5,546</u>
Total Revenues	<u>\$ 1,105,917</u>	<u>\$ 1,211,375</u>	<u>\$ 105,458</u>

(Continued)

**Town of Wilson's Mills, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

<i>(Continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>			
Governing Body:			
Salaries and employee benefits		\$ 7,751	
Professional services		21,351	
Tax collection fee		12,283	
Other operating expenditures		24,505	
Total Governing Body	<u>\$ 66,083</u>	<u>\$ 65,890</u>	<u>\$ 193</u>
Administration:			
Salaries and employee benefits		\$ 167,311	
Accounting software fees		5,728	
Insurance and bonding		1,919	
Building and ground maintenance		471	
Travel		9,951	
Other operating expenditures		64,118	
Total Administration	<u>\$ 240,735</u>	<u>\$ 249,498</u>	<u>\$ (8,763)</u>
Streets:			
Salaries and employee benefits		\$ 32,635	
Powell Bill		12,640	
Other operating expenditures		15,353	
Capital outlay		17,678	
Total Streets	<u>\$ 131,454</u>	<u>\$ 78,306</u>	<u>\$ 53,148</u>
Planning Board:			
Salaries and employee benefits		\$ 75,870	
Office supplies		827	
Other operating expenditures		39,776	
Total Planning Board	<u>\$ 114,262</u>	<u>\$ 116,473</u>	<u>\$ (2,211)</u>
Parks and Recreation:			
Senior program		\$ 2,673	
Wilson's Mills Athletic Park		35,326	
Festivals and other events		9,472	
Other operating expenditures		2,996	
Total Parks and Recreation	<u>\$ 42,912</u>	<u>\$ 50,467</u>	<u>\$ (7,555)</u>

(Continued)

**Town of Wilson's Mills, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Annual Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

<i>(Continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Salaries and employee benefits		\$ 342,079	
Insurance and bonding		20,139	
Automotive supplies and repairs		23,261	
Telecommunications		7,344	
Department supplies		8,278	
Other operating expenditures		30,921	
Total Public Safety	<u>\$ 400,852</u>	<u>\$ 432,022</u>	<u>\$ (31,170)</u>
Animal Control:			
Other operating expenditures		\$ 1,711	
Total Animal Control	<u>\$ 1,747</u>	<u>\$ 1,711</u>	<u>\$ 36</u>
Debt service:			
Principal retirement		\$ 22,031	
Interest and other charges		29,013	
Total Debt Service	<u>\$ 51,172</u>	<u>\$ 51,044</u>	<u>\$ 128</u>
Total Expenditures	<u>\$ 1,049,217</u>	<u>\$ 1,045,411</u>	<u>\$ 3,806</u>
Revenues Over (Under) Expenditures	<u>\$ 56,700</u>	<u>\$ 165,964</u>	<u>\$ 109,264</u>
Other Financing Sources (Uses):			
Transfer from (to) other funds			
Water and Sewer Fund		\$ (128,529)	
Total Other Financing Sources (Uses)	<u>\$ (56,700)</u>	<u>\$ (128,529)</u>	<u>\$ (71,829)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 37,435</u>	<u>\$ -</u>
Fund balance, beginning		1,202,678	
Fund balances, ending		<u>\$ 1,240,113</u>	

**Town of Wilson's Mills, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Changes in Fund Balance - Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Operating Revenues:			
Water sales:			
Tapping fees	\$ -	\$ 27,000	\$ 27,000
Total	<u>\$ -</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Total Operating Revenues	<u>\$ -</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
Non-operating Revenues:			
Interest earned on investments	\$ -	\$ 105	\$ 105
Total Non-operating Revenues	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 105</u>
Total Revenues	<u>\$ -</u>	<u>\$ 27,105</u>	<u>\$ 27,105</u>
<b>EXPENDITURES</b>			
Administration:			
Capital outlay		\$ -	
Total	<u>\$ 2,822,273</u>	<u>\$ -</u>	<u>\$ -</u>
Debt service:			
Interest and other charges		\$ 2,585	
Principal retirement		53,535	
Total Sewer	<u>\$ 56,700</u>	<u>\$ 56,120</u>	<u>\$ 580</u>
Total Expenditures	<u>\$ 2,878,973</u>	<u>\$ 56,120</u>	<u>\$ 580</u>
Revenues Over (Under) Expenses	<u>\$ (2,878,973)</u>	<u>\$ (29,015)</u>	<u>\$ (29,015)</u>
Other Financing Sources (Uses):			
Transfer from (to) General Fund	\$ 56,700	\$ 128,529	
Proceeds from USDA grant	2,154,976	-	
Proceeds from USDA loan	667,297	-	
Total Other Financing Sources (Uses)	<u>\$ 2,878,973</u>	<u>\$ 128,529</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 99,514</u>	<u>\$ 99,514</u>

**Town of Wilson's Mills, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Changes in Fund Balance - Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

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

Revenues and Other Sources Over (Under) Expenditures	<u>\$ 99,514</u>
Reconciling items:	
Depreciation	(7,564)
Capital contribution	1,184,776
Principal retirement	<u>53,534</u>
Total Reconciling Items	<u>\$ 1,230,746</u>
Net Income (Loss)	<u><u>\$ 1,330,260</u></u>



**Town of Wilson's Mills, North Carolina**  
**USDA Wastewater Systems Improvements Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non - GAAP)**  
**From Inception and for the Fiscal Year Ended June 30, 2019**

	Original	Final	Actual			Variance
	Project Authorization	Project Authorization	Prior Year	Current Year	Total to Date	Positive (Negative)
<b>Revenues</b>						
Restricted Intergovernmental:						
USDA loans	\$ 3,003,000	\$ 3,003,000	\$ 3,003,000	\$ -	\$ 3,003,000	-
USDA grants	1,679,000	2,243,000	-	1,179,469	1,179,469	(1,063,531)
Total Revenues	<u>\$ 4,682,000</u>	<u>\$ 5,246,000</u>	<u>\$ 3,003,000</u>	<u>\$ 1,179,469</u>	<u>\$ 4,182,469</u>	<u>\$(1,063,531)</u>
<b>Expenditures</b>						
Wastewater Systems Improvements Project:						
Construction	\$ 3,073,000	\$ 3,637,000	\$ 550,280	\$ 2,756,812	\$ 3,307,092	\$ 329,908
Engineering	425,256	425,256	267,470	169,799	437,269	(12,013)
Land / Right-of-way	25,000	25,000	100,650	5,273	105,923	(80,923)
Legal	25,000	25,000	53,765	11,827	65,592	(40,592)
County fees	463,454	463,454	-	-	-	463,454
Purchase existing county sewer line	228,700	228,700	197,528	-	197,528	31,172
Contingency, permit fees, etc	330,800	330,800	20,305	34	20,339	310,461
Capitalized Interest	150,000	150,000	-	93,243	93,243	56,757
Total Expenditures	<u>\$ 4,721,210</u>	<u>\$ 5,285,210</u>	<u>\$ 1,189,998</u>	<u>\$ 3,036,988</u>	<u>\$ 4,226,986</u>	<u>\$ 1,058,224</u>
<b>Other Financing Sources</b>						
Local funds	<u>\$ 39,210</u>	<u>\$ 39,210</u>	<u>39,210</u>	<u>5,307</u>	<u>44,517</u>	<u>5,307</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,852,212</u>	<u>\$(1,852,212)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning				<u>1,852,212</u>		
Fund Balance, ending				<u>\$ -</u>		

## **Other Schedules**

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This section contains additional information on property taxes.

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

**Town of Wilson's Mills, North Carolina**  
**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>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 698,601	\$ 698,483	\$ 118
2017-2018	674	-	637	37
2016-2017	400	-	357	43
2015-2016	25	-	-	25
2014-2015	23	-	-	23
2013-2014	315	-	12	303
2012-2013	1,436	-	1,004	432
2011-2012	378	-	-	378
2010-2011	450	-	-	450
2009-2010	483	-	-	483
2008-2009	292	-	292	-
	<u>\$ 4,476</u>	<u>\$ 698,601</u>	<u>\$ 700,785</u>	<u>\$ 2,292</u>
Less: allowance for uncollectible ad valorem taxes receivable	<u>\$ (1,155)</u>			<u>(1,705)</u>
Ad valorem taxes receivable - net	<u>\$ 3,321</u>			<u>\$ 587</u>
Reconcilement with revenues:				
Taxes - Ad valorem - General Fund				\$ 706,108
Reconciling Items:				
Interest and penalties collected				(2,155)
Releases and other adjustments				(2,876)
Amounts written off per Statute of Limitations and Abatements				(292)
Total Reconciling Items				<u>\$ (5,323)</u>
Total Collections and Credits				<u>\$ 700,785</u>

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

	<u>Town - Wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxed at Current Rate:					
General tax	\$ 164,225,933	0.42	\$ 689,749	\$ 602,273	\$ 87,476
Total	<u>\$ 164,225,933</u>		<u>\$ 689,749</u>	<u>\$ 602,273</u>	<u>\$ 87,476</u>
Discoveries	\$ 2,616,190	0.42	\$ 10,988	\$ 10,988	\$ -
Releases & Abatements	<u>\$ (508,333)</u>	0.42	<u>\$ (2,135)</u>	<u>\$ (2,135)</u>	<u>\$ -</u>
Total Property Valuation	<u><u>\$ 166,333,790</u></u>				
Net Levy			\$ 691,884	\$ 604,408	\$ 87,476
Uncollected Taxes at June 30, 2019			<u>\$ 118</u>	<u>\$ 118</u>	<u>\$ -</u>
Current Year's Taxes Collected			<u>\$ 691,766</u>	<u>\$ 604,290</u>	<u>\$ 87,476</u>
Current Levy Collection Percentage			<u>99.98%</u>	<u>99.98%</u>	<u>100.00%</u>

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**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 Town Council  
Town of Wilson's Mills, North Carolina

I 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 aggregated remaining fund information of the Town of Wilson's Mills, 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 Wilson's Mills' basic financial statements and have issued my report thereon dated October 5, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Wilson's Mills' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Wilson's Mills' internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Wilson's Mills' 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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wilson's Mills' financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Findings 2019-1 and 2019-2.

I revised the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2019 and finding 2019-2 of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019. The audit work was completed on October 5, 2020, which resulted in the dual dating of my audit report.

Town of Wilson's Mills' Response to Findings

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

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Andrew Harris, CPA PLLC in black ink.

Farmville, North Carolina

December 15, 2019, except for the finding described in the paragraph above as to which the date is October 5, 2020.

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**Report on Compliance For Each Major Federal Program; Report on Internal Control Over  
Compliance; In accordance with OMB Uniform Guidance; and  
the State Single Audit Implementation Act**

Independent Auditor's Report

To the Members of the Town Council  
Town of Wilson's Mills  
Wilson's Mills, North Carolina

Report on Compliance for Each Major Federal Program

I have audited the Town of Wilson's Mills, North Carolina compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Wilson's Mills major federal programs for the year ended June 30, 2019. The Town of Wilson's Mills major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Town of Wilson's Mills major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act, require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Wilson's Mills compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Town of Wilson's Mills compliance.

I revised the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2019 and finding 2019-2 of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019. The audit work was completed on October 5, 2020, which resulted in the dual-dating of my audit report.

Opinion on Each Major Federal Program

In my opinion, the Town of Wilson's Mills complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Town of Wilson's Mills is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Town of Wilson's Mills's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town of Wilson's Mills's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Farmville, North Carolina

December 15, 2019, except for the finding described in the paragraph above as to which the date is October 5, 2020.





**Town of Wilson's Mills, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2019**

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Section II - Financial Statement Findings

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**Noncompliance Material to Financial Statements**

**Finding: 2019 – 1 Budget Violation**

Criteria: The Town should budget revenues, expenditures, and other financing sources (uses) in each fund.

Condition: There were expenditures that were not properly budgeted in the water and sewer fund for debt service in the amount of \$92,663. There were expenditures that were not properly budgeted in the General Fund for administration, planning board, parks and recreation, public safety, and transfer activities by \$8,763, \$2,211, \$7,555, \$31,170, and \$71,829, respectively.

Effect: Budget violations (Excess of Expenditures over Appropriations) may occur.

Cause: Budget Amendments did not occur during the year for certain transactions.

Recommendation: Internal control over financial reporting should be expanded to include monthly reconciliation of the general ledger to supporting documentation.

Views of responsible officials:

The Town agrees with this finding. Management will monitor budget appropriations and expenditures to ensure compliance in future years.

**Finding: 2019 – 2 Prior Period Adjustment**

Criteria: The Town should recognize all prior period adjustments in its accounting function.

Condition: The Town had a prior period adjustment in the business-type activities amounting to \$324,306.

Effect: The Town understated capital assets and accounts payables balances.

Cause: The Town incurred expenses in prior periods that were not properly reconciled such as the capital assets and accounts payables.

Recommendation: The capital assets and accounts payables should be properly reconciled at year end.

Views of responsible officials:

The Town agrees with this finding. Management will include capital assets and accounts payables in its year end reconciliation process.

TOWN ADMINISTRATOR /  
CLERK / HR DIRECTOR  
Leighanna T. Worley, MMC, NCCMC

FINANCE OFFICER /  
DEPUTY CLERK  
Sherry L. Hudson, CMC

PLANNING DIRECTOR  
Valerie K. Brookens

CHIEF OF POLICE  
A.Z. Williams



MAYOR  
Jim T. Uzzle, Jr.

MAYOR PRO-TEM  
JC Triplett

COUNCILMEMBERS  
Phillip R. Wright  
Randy N. Jernigan  
David J. McGowan  
Johnny C. Eason

TOWN ATTORNEY  
William "Bill" Anderson

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**Town of Wilson's Mills, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2019**

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Section II - Financial Statement Findings

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**Noncompliance Material to Financial Statements**

**Finding: 2019-1**

**Budget Violations**

Name of contact person:

Leighanna Worley, Town Administrator

Corrective Action:

The Town management will record the appropriate budget amendments approved by the board when significant transactions occur during the year before year end, June 30. Budget amendments will be prepared prior to year end, June 30 of each fiscal year.

Proposed Completion Date:

The board will implement this above procedure immediately.

**Finding: 2019-2**

**Prior Period Adjustments**

Name of contact person:

Leighanna Worley, Town Administrator

Corrective Action:

The Town management will reconcile all balance sheet and major income statement accounts at year end.

Proposed Completion Date:

The board will implement this above procedure immediately.

**TOWN OF WILSON'S MILLS, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2019**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to subrecipients</u>	<u>Local Expenditures</u>
<b>Federal Grants:</b>						
<b>  Cash Programs:</b>						
<u>U.S. Dept. of Agriculture</u>						
Water and Waste Disposal for Rural Communities	10.760	n/a	\$ 1,179,469	\$ -	\$ -	\$ -
<b>Federal Loans:</b>						
<b>  Cash Programs:</b>						
<u>U.S. Dept. of Agriculture</u>						
Water and Waste Disposal for Rural Communities	10.760	n/a	1,857,519	-	-	-
Total assistance - federal programs			<u>\$ 3,036,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>State Grants:</b>						
<b>  Cash Assistance:</b>						
<u>N.C. Department of Transportation:</u>						
Powell Bill			\$ -	\$ 67,662	\$ -	\$ -
Total assistance - State programs			<u>\$ -</u>	<u>\$ 67,662</u>	<u>\$ -</u>	<u>\$ -</u>
Total assistance			<u>\$ 3,036,988</u>	<u>\$ 67,662</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Wilson's Mills under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Wilson's Mills, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Wilson's Mills.

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

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

**Note 3: Indirect Cost Rate**

The Town of Wilson's Mills has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Loans Outstanding**

The Town of Wilson's Mills had the following loan balances outstanding at June 30, 2019 for loans that the grantor / pass-through grantor has still imposed continuing compliance requirements. Loan outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2019 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Water and Waste Disposal Systems for Rural Communities	10.760	n/a	\$ 3,003,000

