

TOWN OF WINGATE

Audited Financial Statements

June 30, 2019

TOWN OF WINGATE
NORTH CAROLINA

Audited
Financial Statements
At
June 30, 2019
And
For The Year Then Ended

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TOWN OF WINGATE, NORTH CAROLINA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and The Board of Commissioners
Town of Wingate, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Wingate ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Wingate, North Carolina**, as of June 30, 2019, and the respective changes in financial position, and cash flows where applicable, 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 Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of Total Pension Liability as a percentage of Covered Payroll and Changes in Total Pension Liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the **Town of Wingate, North Carolina's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and on other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **Town of Wingate, North Carolina's** internal control over financial reporting and compliance.

December 23, 2019
Monroe, North Carolina

Pott + Company

TOWN OF WINGATE, NORTH CAROLINA
Management's Discussion and Analysis
For the Year Ended June 30, 2019

As management of the Town of Wingate, we offer readers of the Town of Wingate's financial statements this narrative overview and analysis of the financial activities of the Town of Wingate 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 of Wingate's financial statements, which follow this narrative.

Financial Highlights

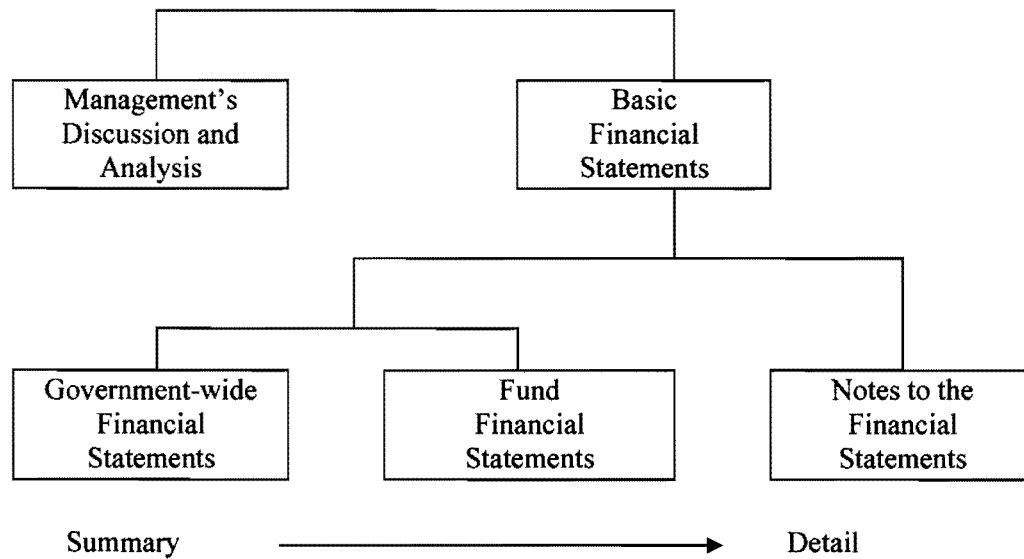
- The assets and deferred outflows of resources of the Town of Wingate exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,570,397
- The government's total net position increased by \$434,406
- As of the close of the current fiscal year, the Town of Wingate's governmental funds reported combined ending fund balances of \$1,114,987, with a net change of (\$71,079) in fund balance. Approximately 17% of this total amount, or \$194,860, is restricted. The decrease in fund balance is mainly due to one-time expenditures.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$920,164, or 59% of total general fund expenditures for the fiscal year. This is an increase of \$32,610 from the previous year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Wingate'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 Wingate.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 16-18) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (pages 19-25) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes 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 Wingate. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute its profits to the Town.

The government-wide financial statements are on pages 16 through 18 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 Wingate, 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 Wingate 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* that 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 Wingate adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Wingate has one kind of proprietary fund. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Wingate uses an 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 are on pages 26 through 57 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Wingate's progress in

funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 58 of this report.

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

Government-Wide Financial Analysis

The Town of Wingate's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,212,965	\$ 1,242,706	\$ 1,382,262	\$ 990,852	\$ 2,595,227	\$ 2,233,558
Capital assets	<u>4,435,463</u>	<u>4,344,013</u>	<u>9,419,523</u>	<u>9,332,756</u>	<u>13,854,986</u>	<u>13,676,769</u>
Total assets	<u>5,648,428</u>	<u>5,586,719</u>	<u>10,801,785</u>	<u>10,323,608</u>	<u>16,450,213</u>	<u>15,910,327</u>
Total deferred outflows of resources	<u>192,072</u>	<u>136,261</u>	<u>63,240</u>	<u>46,216</u>	<u>255,315</u>	<u>182,477</u>
Long-term liabilities	2,563,401	2,666,195	3,641,276	3,987,333	6,204,677	6,653,528
Other liabilities	<u>189,933</u>	<u>79,220</u>	<u>695,759</u>	<u>185,274</u>	<u>885,692</u>	<u>264,494</u>
Total liabilities	<u>2,753,334</u>	<u>2,745,415</u>	<u>4,337,035</u>	<u>4,172,607</u>	<u>7,090,369</u>	<u>6,918,022</u>
Total deferred inflows of resources	<u>37,179</u>	<u>30,665</u>	<u>7,584</u>	<u>8,126</u>	<u>44,763</u>	<u>38,791</u>
Net position						
Net investment in capital assets	2,227,333	2,139,841	5,699,972	5,448,839	7,927,305	7,588,680
Restricted	187,304	250,165	-	-	187,304	250,165
Unrestricted	<u>635,353</u>	<u>556,894</u>	<u>820,435</u>	<u>740,252</u>	<u>1,455,788</u>	<u>1,297,146</u>
Total net position	<u>\$ 3,049,990</u>	<u>\$ 2,946,900</u>	<u>\$ 6,520,407</u>	<u>\$ 6,189,091</u>	<u>\$ 9,570,397</u>	<u>\$ 9,135,991</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Wingate exceeded liabilities and deferred inflows by \$9,570,397 as of June 30, 2019. The Town's net position increased by \$434,406. However, the largest portion (82.83%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure). The Town of Wingate uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Wingate'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 Wingate's net position, \$187,304, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,455,788 is unrestricted.

The following aspect of the Town's financial operations influenced the increase in total unrestricted governmental net position:

- Tax collection rate continues to be strong with a collection percentage of 99.32%.
- Increase in fees in lieu of taxes from Wingate University of \$25,000.

Town of Wingate Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 424,069	\$ 394,994	\$ 2,015,636	\$ 1,840,245	\$ 2,439,705	\$ 2,235,239
Powell Bill allocation	97,298	91,062	-	-	97,298	91,062
Federal and State grants	-	-	-	-	-	-
Operating grants and contributions	10,648	6,768	-	-	10,648	6,768
Capital grants and contributions	278,242	-	477,590	-	755,832	-
General revenues:						
Property taxes	579,803	558,172	-	-	579,803	558,172
Other taxes	393,993	389,320	-	-	393,993	389,320
Other	4,288	6,750	9,597	3,951	13,885	10,701
Total revenues	<u>1,788,341</u>	<u>1,447,066</u>	<u>2,502,823</u>	<u>1,844,196</u>	<u>4,291,164</u>	<u>3,291,262</u>
Expenses:						
General government	299,276	281,368	-	-	299,276	231,368
Public safety	681,118	711,194	-	-	681,118	711,194
Transportation	231,954	121,682	-	-	231,954	121,682
Environmental protection	248,027	254,788	-	-	248,027	254,788
Cultural and recreation	141,199	117,126	-	-	141,199	117,126
Community outreach	30,074	39,853	-	-	30,074	39,853
Interest on long-term debt	52,151	54,813	-	-	52,151	54,813
Water and sewer	-	-	2,153,685	1,743,808	2,153,685	1,743,808
Total expenses	<u>1,683,799</u>	<u>1,580,824</u>	<u>2,153,685</u>	<u>1,743,808</u>	<u>3,837,484</u>	<u>3,274,632</u>
Change in net position before special items	104,542	(133,758)	349,138	100,388	453,680	(33,370)
Special items	<u>(1,452)</u>	<u>-</u>	<u>(17,822)</u>	<u>-</u>	<u>(19,274)</u>	<u>-</u>
Change in net position after special items	103,090	(133,758)	331,316	100,388	434,406	(33,370)
Net position, beginning	<u>2,946,900</u>	<u>3,080,658</u>	<u>6,189,091</u>	<u>6,088,703</u>	<u>9,135,991</u>	<u>9,169,361</u>
Net position, end of year	<u>\$ 3,049,990</u>	<u>\$ 2,946,900</u>	<u>\$ 6,520,407</u>	<u>\$ 6,189,091</u>	<u>\$ 9,570,397</u>	<u>\$ 9,135,991</u>

Governmental activities. Governmental activities increased the Town of Wingate's net position by \$103,090 which correlates to a 1.12% increase in total net position of the Town of Wingate.

Business-type activities. Business-type activities increased the Town's net position by \$331,316 accounting for 3.61% of the total increase in the total net position of the Town of Wingate.

Financial Analysis of the Town of Wingate's Funds

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

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

The general fund is the chief operating fund of the Town of Wingate. At the end of the current fiscal year Town of Wingate's unassigned fund balance available in the General Fund was \$920,164 while total fund balance reached \$1,115,024.

At June 30, 2019, the governmental funds of the Town of Wingate reported a combined fund balance of \$1,114,987, a 5.99% decrease from the previous fiscal year. Included in this change in fund balance is a decrease in fund balance from the Capital Project Funds.

General Fund Budgetary Highlights. During the fiscal year, the Town of Wingate 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.

Several budget amendments were made during the fiscal year ending June 30, 2019. The following summary details the amounts and reasons for making the budget amendments.

- \$16,200 - various line item adjustments
- \$135,000 - appropriate Powell Bill funds and other miscellaneous items
- \$78,610 – addition of part time staff
- \$16,900 – various line item adjustments
- \$34,500 – park repairs

Proprietary Funds. The Town of Wingate'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 \$820,435. The total increase in net position for the fund was \$331,316.

Component Unit – Town of Wingate ABC Board. See the separately issued financial statements for the Town of Wingate ABC Board.

Capital Asset and Debt Administration

Capital assets. The Town of Wingate's 2019 investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$13,854,986 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and sewer and water infrastructure.

Major capital asset transactions during the year include the following:

- Donation of land recorded in governmental activities of \$157,100.
- Donation of land recorded in business-type activities of \$83,800.

Town of Wingate's Capital Assets
Net of Accumulated Depreciation
Figure 4

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 714,468	\$ 557,368	\$ 208,937	\$ 208,937	\$ 923,405	\$ 766,305
Plant and distribution systems	-	-	7,587,132	7,792,905	7,587,132	7,792,905
Buildings and improvements	2,781,539	2,812,860	1,159,670	1,190,991	3,941,209	4,003,851
Infrastructure	754,253	813,687	25,678	26,213	779,931	839,900
Office furniture and equipment	70,285	80,377	37,386	42,427	107,671	122,804
Other equipment	742	1,085	40,624	52,147	41,366	53,232
Vehicles	74,182	69,035	5,832	12,364	80,014	81,399
Construction in progress	39,994	9,601	354,264	6,772	394,258	16,373
Total	\$ 4,435,463	\$ 4,344,013	\$ 9,419,523	\$ 9,332,756	\$ 13,854,986	\$ 13,676,769

Additional information on the Town's capital assets can be found in Note 3.A.4 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2019, the Town of Wingate had no outstanding bonded debt.

Town of Wingate's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Installment debt – direct borrowings and direct placements	\$ 2,208,130	\$ 2,253,999	\$ 2,742,551	\$ 2,890,917	\$ 4,950,681	\$ 5,144,916
Revenue bonds	-	-	977,000	993,000	977,000	993,000
Total	\$ 2,208,130	\$ 2,253,999	\$ 3,791,551	\$ 3,883,917	\$ 5,927,681	\$ 6,137,916

Long-term debt

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Wingate is \$5,740,964.

Additional information regarding the Town of Wingate's long-term debt can be found in Note 3.B.5 of the Basic Financial Statements.

Budget Highlights for the Fiscal Year Ending June 30, 2020

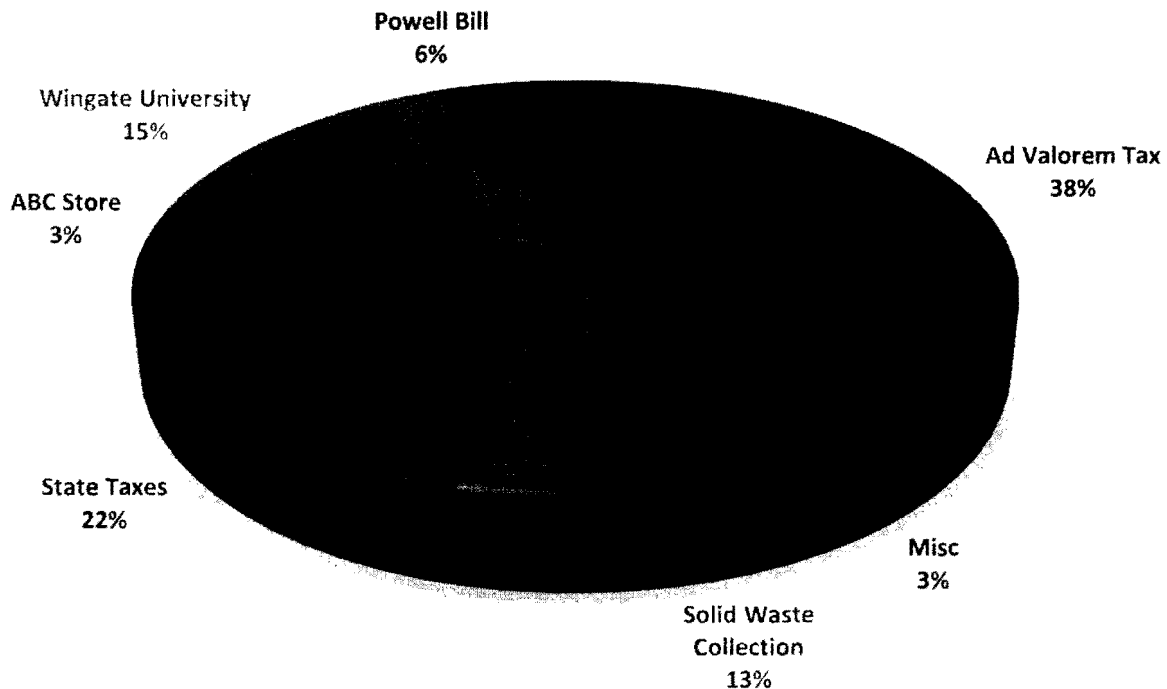
GENERAL FUND

Revenues

The Town's four largest revenue streams are Property Tax, Sales and Use Tax, Franchise Utility Tax, and a Fee In Lieu of Tax from Wingate University.

- **Ad Valorem Tax:** These are the most controllable revenues in the Town's budget. While we have not received the final figures from the Union County Tax Department for next year's valuation, we are projecting growth based on current year's collections. The proposed property tax rate for FY-2020 is \$.43 per \$100 of valuation. There is no increase in the tax rate from FY-2019. The Town's expected tax revenue is \$548,587. This includes both real and motor vehicle property with a strong collection rate of 99%.
- **Motor Vehicle Fee:** We are implementing a new \$25 motor vehicle licensing fee. This is estimated to bring in approximately \$35,200 for FY 2020. These revenues will be used for constructing, maintaining, repairing, widening, or improving public streets in the town that do not form a part of the State highway system.
- **State Revenues:** Sales Tax, Franchise Utility Tax, Powell Bill, and other state shared revenues are all projected to be stable for the coming fiscal year.
- **Fee In Lieu of Tax:** Wingate University has increased their annual contribution from \$215,000 to \$235,000.
- **Sanitation:** Waste Connections, our solid waste provider, is increasing rates 3.9% starting September 1, 2019. As part of this budget, the monthly customer fee will increase from \$19.36 to \$19.86 for in-town and from \$38.72 to \$39.72 for out of town.

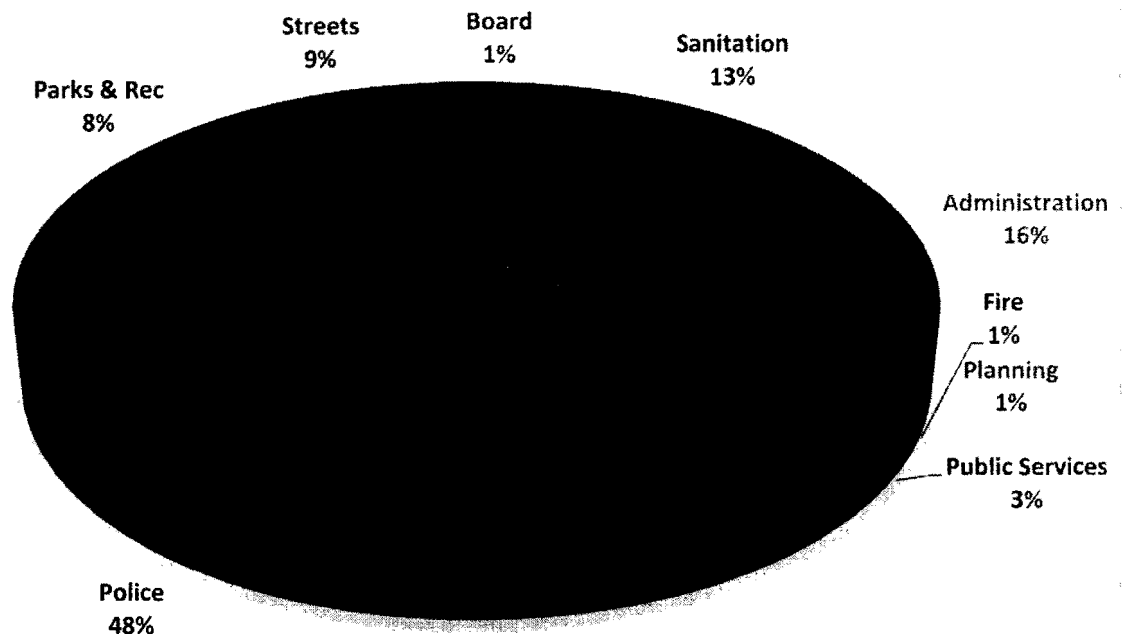
FY 2019-2020 REVENUE BREAKDOWN



Expenditures

- **Employee Compensation and Benefits:** Our ability to attract and retain a high-quality workforce is paramount to the success of the Town. Our required contribution levels to the North Carolina Local Government Employees Retirement System will increase with FY 2020. The contribution per general employee is increasing to 8.95%, while contributions for law enforcement officers will be at 9.7%. The budget also maintains the Town's 401(k) contribution at 5%. All full-time employees will receive a salary increase of approximately 3.5%.
- **Police Department:** We budgeted \$37,000 for the continuation of our part-time officer program. Some of the benefits include being able to get our full-time people time off, covering off-duty shifts for the University, and allowing us to fill full time vacancies quicker when they arise.
- **Streets:** The Town is continuing with our pavement preservation program. This includes crack sealing, full depth reclamation, and sealcoat overlays. We plan to use HA5 to do all the roads that were paved as part of the Diane Street Wastewater project. These roads are 8 years old, still in good shape but need maintenance to keep their standard up. The cost is estimated at \$97,000.
- **Cultural and Recreation:** During FY-2019, renovations to the Community Park playground area were initiated. After several consultations, it was determined that repairing drainage issues was the first priority. Trenching and catch basins will be installed in June 2019 to correct these issues. The existing wooden timber borders surrounding the playground will be replaced with plastic borders. We plan to complete the renovations with updates to playground equipment including new swings & chains, stand-alone riding equipment, benches, and trash receptables.
- **Fire Department:** The Wingate Fire department (WFD) is a separate non-profit organization that provides emergency and public safety services to the residents of the Town. As per our 2017 contract, we budget \$17,500 to cover the fire departments portion of the Government Center utilities.

FY 2020 EXPENDITURES



WATER & SEWER FUND

In order to keep up with inflation, we have moderately increased both water and sewer rates. A citizen using 5,000 gallons of water and sewer can expect to pay \$2.91 more for water, and \$1.00 more for sewer.

CDBG Grant: The Town of Wingate has requested a Community Development Block Grant (CDBG) for the decommissioning of the Diane Street pump station. The project involves decommissioning of the existing Diane Street Pump Station, and replacing it with extension of approximately 1,500 LF of 12" gravity Wastewater with associated manholes. This project links the Diane Street Wastewater line to the existing 12" Wastewater line behind the Union County Sheriff's Office. There was not enough funding in the FY-2020 allocation to fully fund the request; therefore, the current FY-2020 allocation for the project is for \$293,477. The balance of the funding will be reserved from the FY-2021 allocation in the amount of \$206,523. The Town has committed a \$100,000 match to cover the non-construction expenditures of this project.

Respectfully submitted,



Brad Sellers, Town Manager

BASIC FINANCIAL STATEMENTS

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

Exhibit A
Page 1 of 2

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 983,255	\$ 788,110	\$ 1,771,365	\$ 359,159
Restricted cash	99,260	374,363	473,623	-
Taxes receivable, net	6,506	-	6,506	-
Accounts receivable, net	24,090	219,789	243,879	-
Due from other governments	92,298	-	92,298	-
Inventory	-	-	-	101,962
Prepaid items	7,556	-	7,556	3,253
Total current assets	1,212,965	1,382,262	2,595,227	464,374
Non-current assets				
Refundable deposit	-	-	-	2,000
Land, non-depreciable improvements, and construction in progress	754,462	563,201	1,317,663	-
Other capital assets, net of depreciation	3,681,001	8,856,322	12,537,323	49,303
Total capital assets	4,435,463	9,419,523	13,854,986	51,303
Total assets	5,648,428	10,801,785	16,450,213	515,677
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	192,075	63,240	255,315	-
Total deferred outflows of resources	192,075	63,240	255,315	-

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

Exhibit A
Page 2 of 2

	Primary Government			Town of Wingate ABC Board
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 79,447	\$ 437,607	\$ 517,054	\$ 67,292
Customer deposits	1,875	39,700	41,575	-
Taxes payable	-	-	-	28,830
Accrued expenses	10,150	23,052	33,202	3,375
Accrued interest	29,226	-	29,226	-
Current portion of long-term liabilities	69,235	195,399	264,634	-
Total current liabilities	<u>189,933</u>	<u>695,758</u>	<u>885,691</u>	<u>99,497</u>
Long-term liabilities				
Due in more than one year	<u>2,563,401</u>	<u>3,641,276</u>	<u>6,204,677</u>	<u>-</u>
Total liabilities	<u>2,753,334</u>	<u>4,337,034</u>	<u>7,090,368</u>	<u>99,497</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>37,179</u>	<u>7,584</u>	<u>44,763</u>	<u>-</u>
Total deferred inflows of resources	<u>37,179</u>	<u>7,584</u>	<u>44,763</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,227,333	5,699,972	7,927,305	49,303
Restricted for:				
Stabilization by State Statute	116,388	-	116,388	-
Streets - Powell Bill	70,916	-	70,916	-
Working Capital	-	-	-	44,595
Capital Improvements	-	-	-	168,381
Unrestricted	<u>635,353</u>	<u>820,435</u>	<u>1,455,788</u>	<u>153,901</u>
Total net position	<u>\$ 3,049,990</u>	<u>\$ 6,520,407</u>	<u>\$ 9,570,397</u>	<u>\$ 416,180</u>

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Wingate ABC Board
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 299,276	\$ 4,935	\$ -	\$ 278,242	\$ (16,099)	\$ -	\$ (16,099)	\$ -
Public safety	681,118	210,749	7,911	-	(462,458)	-	(462,458)	-
Transportation	231,954	-	97,298	-	(134,656)	-	(134,656)	-
Environmental protection	248,027	193,194	2,737	-	(52,096)	-	(52,096)	-
Cultural and recreation	141,199	15,191	-	-	(126,008)	-	(126,008)	-
Community outreach	30,074	-	-	-	(30,074)	-	(30,074)	-
Interest on long-term debt	52,151	-	-	-	(52,151)	-	(52,151)	-
Total governmental activities	<u>1,683,799</u>	<u>424,069</u>	<u>107,946</u>	<u>278,242</u>	<u>(873,542)</u>	<u>-</u>	<u>(873,542)</u>	<u>-</u>
Business-type activities:								
Water and sewer	2,050,776	2,015,636	-	477,590	-	442,450	442,450	-
Interest on long-term debt	102,909	-	-	-	-	(102,909)	(102,909)	-
Total business-type activities	<u>2,153,685</u>	<u>2,015,636</u>	<u>-</u>	<u>477,590</u>	<u>-</u>	<u>339,541</u>	<u>339,541</u>	<u>-</u>
Total primary government	<u>\$ 3,837,484</u>	<u>\$ 2,439,705</u>	<u>\$ 107,946</u>	<u>\$ 755,832</u>	<u>(873,542)</u>	<u>339,541</u>	<u>(534,001)</u>	<u>-</u>
Component Unit:								
Wingate ABC Board	\$ 1,446,295	\$ 1,497,238	\$ -	\$ -	-	-	-	52,243
Total component units	<u>\$ 1,446,295</u>	<u>\$ 1,497,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,243</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					579,803	-	579,803	-
Other taxes					393,993	-	393,993	-
Unrestricted investment earnings					11,400	9,597	20,997	-
Restricted investment earnings					1,433	-	1,433	-
Miscellaneous					(8,545)	-	(8,545)	-
Total general revenues excluding special items					978,084	9,597	987,681	-
Special items					(1,452)	(17,822)	(19,274)	-
Total general revenues and special items					976,632	(8,225)	968,407	-
Change in net position					103,090	331,316	434,406	52,243
Net position, beginning					2,946,900	6,189,091	9,135,991	363,937
Net position, ending					<u>\$ 3,049,990</u>	<u>\$ 6,520,407</u>	<u>\$ 9,570,397</u>	<u>\$ 416,180</u>

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

TOWN OF WINGATE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

Exhibit C

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Non-major</u> <u>Funds</u>	<u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 982,300	\$ 955	\$ 983,255
Restricted cash	99,260	-	99,260
Receivables, net			
Taxes	6,506	-	6,506
Utilities	24,090	-	24,090
Due from other governments	92,298	-	92,298
Prepays	7,556	-	7,556
Total assets	<u>\$ 1,212,010</u>	<u>\$ 955</u>	<u>\$ 1,212,965</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 78,455	\$ 992	\$ 79,447
Accrued expenses	10,150	-	10,150
Customer deposits	1,875	-	1,875
Total liabilities	<u>90,480</u>	<u>992</u>	<u>91,472</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	6,506	-	6,506
Total deferred inflows of resources	<u>6,506</u>	<u>-</u>	<u>6,506</u>
FUND BALANCES			
Non-spendable:			
Prepays	7,556	-	7,556
Restricted:			
Stabilization by State Statute	116,388	-	116,388
Streets - Powell Bill	70,916	-	70,916
Unassigned	920,164	(37)	920,127
Total fund balances	<u>1,115,024</u>	<u>(37)</u>	<u>1,114,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,212,010</u>	<u>\$ 955</u>	<u>\$ 1,212,965</u>

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

Total Fund balance, governmental funds	\$ 1,114,987
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,435,463
Deferred outflows of resources related to pensions not reported in the funds	192,075
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	6,506
Long-term liabilities, including accrued interest, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Installment purchases	(2,208,129)
Compensated absences	(29,385)
Net pension liability	(395,122)
Accrued interest payable	(29,226)
Deferred inflows of resources related to pensions are not reported in the funds	(37,179)
Net position of governmental activities	<u>\$ 3,049,990</u>

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

TOWN OF WINGATE, NORTH CAROLINA **Exhibit D**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Non-major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
REVENUES			
Ad valorem taxes	\$ 580,415	\$ -	\$ 580,415
Unrestricted intergovernmental	393,994	-	393,994
Restricted intergovernmental	107,946	37,342	145,288
Permits and fees	2,824	-	2,824
Sales and services	418,385	-	418,385
Investment earnings	12,833	-	12,833
Miscellaneous	3,675	-	3,675
	<u>1,520,072</u>	<u>37,342</u>	<u>1,557,414</u>
EXPENDITURES			
Current:			
General government	234,981	-	234,981
Public safety - police	664,270	-	664,270
Public safety - fire	15,674	-	15,674
Transportation	164,201	-	164,201
Environmental protection	247,903	-	247,903
Cultural and recreation	97,166	-	97,166
Community outreach	30,074	-	30,074
Capital outlay	-	75,732	75,732
Debt service:			
Principal	45,869	-	45,869
Interest and other charges	52,623	-	52,623
	<u>1,552,761</u>	<u>75,732</u>	<u>1,628,493</u>
Excess (deficiency) of revenues over expenditures	<u>(32,689)</u>	<u>(38,390)</u>	<u>(71,079)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds:			
General fund	-	15,853	15,853
Capital project funds	(15,853)	-	(15,853)
	<u>(15,853)</u>	<u>15,853</u>	<u>-</u>
Net change in fund balance	(48,542)	(22,537)	(71,079)
Fund balances, beginning	1,163,566	22,500	1,186,066
Fund balances, ending	<u>\$ 1,115,024</u>	<u>\$ (37)</u>	<u>\$ 1,114,987</u>

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

TOWN OF WINGATE, NORTH CAROLINA **Exhibit E**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	\$ (71,079)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	72,548	
Depreciation	<u>(212,636)</u>	(140,088)

Cost of capital assets disposed of during the year, not recognized on modified accrual basis	(9,361)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Donated assets	240,900
Taxes including penalties and interest	(612)

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	37,103
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Benefit payments and administrative expenses for the retiree stipend are not included in the Statement of Activities	9,295
--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	45,869	
Decrease in accrued interest payable	<u>472</u>	46,341

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

Compensated absences	17,655	
Pension expenses (LGERS)	(45,982)	
Pension expense (LEOSSA)	(15,608)	
Pension expense (Retiree Stipend)	<u>34,526</u>	<u>(9,409)</u>

Total changes in net position of governmental activities	<u>\$ 103,090</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

Exhibit F

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Ad valorem taxes	\$ 560,260	\$ 577,761	\$ 580,415	\$ 2,654
Unrestricted intergovernmental	374,000	381,634	393,994	12,360
Restricted intergovernmental	98,500	105,430	107,946	2,516
Permits and fees	4,000	2,740	2,824	84
Sales and services	430,120	422,286	418,385	(3,901)
Investment earnings	3,450	10,850	12,833	1,983
Miscellaneous	5,700	3,530	3,675	145
Total revenues	1,476,030	1,504,231	1,520,072	15,841
Expenditures				
Current:				
General government	241,884	249,420	234,981	14,439
Public safety - police	694,435	686,785	664,270	22,515
Public safety - fire	15,000	15,720	15,674	46
Transportation	92,000	165,100	164,201	899
Environmental protection	240,060	255,110	247,903	7,207
Cultural and recreation	67,266	97,459	97,166	293
Community outreach	27,000	30,930	30,074	856
Debt service:				
Principal retirement	43,778	45,038	45,869	(831)
Interest and other charges	54,607	53,837	52,623	1,214
Total expenditures	1,476,030	1,599,399	1,552,761	46,638
Revenues over (under) expenditures	-	(95,168)	(32,689)	62,479
Other financing sources (uses)				
Transfers to other funds	(20,000)	(37,237)	(15,853)	21,384
Total other financing sources (uses)	(20,000)	(37,237)	(15,853)	21,384
Appropriated fund balance	20,000	132,405	-	(132,405)
Net change in fund balance	\$ -	\$ -	(48,542)	\$ (69,926)
Fund balance - beginning			1,163,566	
Fund balance - ending			\$ 1,115,024	

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

Exhibit G

	Major Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 788,110
Restricted cash	374,363
Accounts receivable (net)	219,789
Total current assets	<u>1,382,262</u>
Noncurrent assets	
Capital Asset:	
Land and construction in progress	563,201
Other capital assets, net of depreciation	8,856,322
Total capital assets	<u>9,419,523</u>
Total noncurrent Assets	<u>9,419,523</u>
Total assets	<u>10,801,785</u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan in current fiscal year	<u>63,240</u>
Total deferred outflows of resources	<u>63,240</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	437,607
Accrued payroll	7,315
Accrued interest	15,737
Customer deposits	39,700
Current portion of compensated absences	27,395
Current portion of long-term debt	168,004
Total current liabilities	<u>695,758</u>
Long-term liabilities	
Net pension liability	83,154
Compensated absences	6,575
Long-term debt	3,551,547
Total long-term liabilities	<u>3,641,276</u>
Total liabilities	<u>4,337,034</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>7,584</u>
Total deferred inflows of resources	<u>7,584</u>
NET POSITION	
Net investment in capital assets	5,699,972
Unrestricted	820,435
Total net position	<u>\$ 6,520,407</u>

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

TOWN OF WINGATE, NORTH CAROLINA **Exhibit H**
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Water sales	\$ 905,872
Sewer charges	991,970
Water and sewer taps	50,005
Other operating revenues	<u>67,789</u>
Total operating revenues	<u>2,015,636</u>
OPERATING EXPENSES	
Water operations	1,000,103
Sewer operations	807,770
Depreciation	<u>260,725</u>
Total operating expenses	<u>2,068,598</u>
Operating income	<u>(52,962)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	9,597
Interest expense	<u>(102,909)</u>
Total nonoperating revenues (expenses)	<u>(93,312)</u>
Income (loss) before contributions	(146,274)
Capital contributions	<u>477,590</u>
Change in net position	331,316
Total net position, beginning	<u>6,189,091</u>
Total net position, ending	<u>\$ 6,520,407</u>

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

TOWN OF WINGATE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

Exhibit I

	Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,939,881
Cash paid for goods and services	(960,010)
Cash paid to or on behalf of employees for services	(538,942)
Other operating revenues	67,789
Net cash provided by operating activities	508,718
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(164,366)
Interest paid	(103,163)
Acquisition and construction of capital assets	(347,492)
Capital contributions - Federal grant	477,590
Net provided by capital and related financing activities	(137,431)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	9,597
Net cash provided by investing activities	9,597
Net increase in cash and cash equivalents	380,884
Cash balances, beginning	781,589
Cash balances, ending	\$ 1,162,473
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (52,962)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	260,725
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(10,526)
(Increase) decrease in deferred outflows of resources for pensions	(17,024)
Increase (decrease) in accounts payable	313,536
Increase (decrease) in accrued payroll	(757)
Increase (decrease) in compensated absences	9,942
Increase (decrease) in customer deposits	2,560
Increase (decrease) in net pension liability	3,766
Increase (decrease) in deferred inflows of resources for pensions	(542)
Total adjustments	561,680
Net cash provided (used) by operating activities	\$ 508,718

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wingate and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Wingate is a municipal corporation that is governed by an elected mayor and a five member commission. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Wingate ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Wingate ABC Board, 4104 Highway 74, Wingate, North Carolina 28174.

B. Basis of Presentation

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

Sidewalk Capital Project Fund – This fund is used to account for construction of new sidewalks on Wilson Street.

Police Department Capital Project Fund – This fund is used to account for renovation of a building for the Police Department.

The Town reports the following major enterprise fund:

Water and Sewer Fund – This fund is used to account for the Town's water and sewer operations. The Pipeline Capital Project Fund and the Diane Street Sewer Extension Capital Project Fund have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparisons for the capital project funds have been included in the supplemental schedules.

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.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Wingate because the tax is levied by Union County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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 Water and Sewer Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the Sidewalk Capital Project Fund, the Police Department Capital Project Fund, the Pipeline Capital Project Fund, and the Diane Street Sewer Extension Capital Project Fund. The enterprise capital project funds are consolidated with the water and sewer operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. The Town Manager may transfer amounts between objects of expenditure within a department without limitation. If the transfer exceeds \$3,000, then the Town Manager shall report the transfer to the Board of Commissioners at the first regular meeting that occurs after the transfer takes place. The Town Manager may transfer amounts up to \$1,000 between departments of the same fund with a report of such transfers being given at the first regular meeting of the Board of Commissioners that occurs after the transfer takes place. During the year, several amendments to the original budget were necessary, the effects of which were not material.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the Town and of the ABC Board are made in board-designated official depositories and are secured as required by State Law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board 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 and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT – Term portfolio, is a bond fund and is measured at fair value. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Cash

Powell Bill funds are classified as restricted cash because these funds may only be expended for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Unexpended grant funds are classified as restricted cash because these funds may only be used for the purposes defined in the grant agreement. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Funds related to the Debt Service Reserve Account and the Short-Lived Asset Replacement Account required by USDA loans are classified as restricted cash.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Town of Wingate Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 70,916
Customer deposits	1,875
Reserve for future USDA debt service	26,469
Total Governmental Activities	<u>99,260</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	39,700
Short-lived asset reserve	15,934
Reserve for future USDA debt service	29,049
Unexpended grant funds	289,680
Total Business-type Activities	<u>374,363</u>
Total restricted cash	\$ <u>473,623</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. These taxes are based on the assessed values as of January 1, 2018.

5. Allowance for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost or market on the first-in, first-out method and consist of materials and supplies held for subsequent use. The cost of those inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and are expensed as the items are used.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, \$5,000; buildings and improvements, \$5,000; furniture and equipment, \$5,000; vehicles and motorized equipment, \$5,000; computer software and computer equipment, \$5,000; and infrastructure, \$100,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected not to report major general infrastructure assets retroactively in the Statement of Net Assets as permitted for Phase Three governments under Governmental Auditing Standards Board Statement 34. Thus, any amounts expended for infrastructure prior to July 1, 2003, are not reported as capital assets. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 40
Infrastructure	30 - 50
Equipment and furniture	5 - 15
Vehicles and motorized equipment	5 - 7
Computer equipment and software	5

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvement	40
Store equipment	5 - 10
Office equipment	5 - 10

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.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Town has one item that meets this criterion – pension deferrals. 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 two items that meet the criterion for this category – property taxes receivable and pension related 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 statements of net position.

In fund financial statements the face amount of debt issued is reported as other financial sources.

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 funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

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.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The governmental fund types classify fund balances as follows:

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

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

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

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

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

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Wingate's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Wingate's employer contributions are recognized when due and the Town of Wingate 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.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Significant Violations of Finance-Related Legal and Contractual Provisions

Excess of Expenditures over Appropriations - Wingate ABC Board

For the fiscal year ended June 30, 2019, the total operating expenditures were under budget; however, the line item for supplies in operating expenditures exceeded the budgeted amount by \$114. Management and the Board will implement procedures to monitor reports and balances prior to each purchase.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the deposits of the Town and the ABC Board 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 or the ABC Board's agents in these units' names. 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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board 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

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$1,171,039 and a bank balance of \$1,169,546. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. The Town had cash on hand of \$480 at June 30, 2019. The ABC Board's deposits had a carrying amount of \$252,925 and a bank balance of \$241,096. All of the ABC Board's bank balance was covered by federal depository insurance. The ABC Board had an additional \$4,934 in the cash drawers and change funds to cover operating needs on a daily basis.

2. Investments

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

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/19</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$ 460,579	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	<u>612,890</u>	0.11 years	Unrated
Total		\$ <u>1,073,469</u>		

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

Level of fair value hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The Town has no formal policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits 100% of the Town's investment portfolio to maturities of less than 12 months.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Credit Risk. The Town has no formal policy regarding credit risk but has internal management procedures that limit the Town's investments to the provisions of G.S. 159-30 and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

At June 30, 2019, the ABC Board had total investments of \$101,300 in the North Carolina Capital Management Trust's Government Portfolio, which carried a rating of AAAM by Standard and Poor's and the Term Portfolio, which is unrated. The ABC Board has no policy regarding credit risk. Local ABC Boards are allowed to invest idle funds in accordance with G.S. 159-30(c).

3. Receivables-Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and Statement of Net Position includes no penalties levied and outstanding.

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

General fund:		
Taxes receivable	\$	10,000
Accounts receivable		<u>709</u>
Total general fund		10,709
Enterprise fund:		
Accounts receivable		<u>7,326</u>
Total	\$	<u>18,035</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 557,368	\$ 157,100	\$ -	\$ 714,468
Construction in progress	9,601	39,754	9,361	39,994
Total capital assets not being depreciated	<u>566,969</u>	<u>196,854</u>	<u>9,361</u>	<u>754,462</u>
Capital assets being depreciated:				
Buildings and improvements	3,714,891	83,800	-	3,798,691
Infrastructure	1,090,521	-	-	1,090,521
Office furniture and equipment	168,666	-	-	168,666
Other equipment	66,401	-	-	66,401
Vehicles	663,591	32,793	-	696,384
Total capital assets being depreciated	<u>5,704,070</u>	<u>116,593</u>	<u>-</u>	<u>5,820,663</u>
Less accumulated depreciation for:				
Building and improvements	902,031	115,121	-	1,017,152
Infrastructure	276,834	59,434	-	336,268
Office furniture and equipment	88,289	10,092	-	98,381
Other equipment	65,316	343	-	65,659
Vehicles	594,556	27,646	-	622,202
Total accumulated depreciation	<u>1,927,026</u>	<u>212,636</u>	<u>-</u>	<u>2,139,662</u>
Total capital assets being depreciated, net	<u>3,777,044</u>			<u>3,681,001</u>
Governmental activity capital assets, net	<u>\$ 4,344,013</u>			<u>\$ 4,435,463</u>

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

General government	\$ 73,765
Public safety – police	27,989
Transportation	67,753
Environmental protection	124
Cultural and recreation	43,005
Total depreciation expense	<u>\$ 212,636</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 208,937	\$ -	\$ -	\$ 208,937
Construction in progress	6,772	347,492	-	354,264
Total capital assets not being depreciated	<u>215,709</u>	<u>347,492</u>	<u>-</u>	<u>563,201</u>
Capital assets being depreciated:				
Plant and distribution systems	10,193,237	-	-	10,193,237
Buildings and improvements	1,249,236	-	-	1,249,236
Infrastructure	26,748	-	-	26,748
Maintenance equipment	524,138	-	-	524,138
Office furniture and equipment	82,070	-	-	82,070
Vehicles	76,308	-	-	76,308
Total capital assets being depreciated	<u>12,151,737</u>	<u>-</u>	<u>-</u>	<u>12,151,737</u>
Less accumulated depreciation for:				
Plant and distribution systems	2,400,332	205,773	-	2,606,105
Building and improvements	58,245	31,321	-	89,566
Infrastructure	535	535	-	1,070
Maintenance equipment	471,991	11,523	-	483,514
Office furniture and equipment	39,643	5,041	-	44,684
Vehicles	63,944	6,532	-	70,476
Total accumulated depreciation	<u>3,034,690</u>	<u>\$ 260,725</u>	<u>\$ -</u>	<u>3,295,415</u>
Total capital assets being depreciated, net	<u>9,117,047</u>			<u>8,856,322</u>
Business-type activity capital assets, net	<u>\$ 9,332,756</u>			<u>\$ 9,419,523</u>

Construction and other commitments

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

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Diane Street Sewer Extension - Engineering	30,457	18,493

On July 25, 2019, the Town entered into a contract for construction of sidewalks amounting to \$176,479.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Leasehold improvements	\$ 83,782	\$ -	\$ -	\$ 83,782
Store equipment	42,689	-	-	42,689
Office equipment	17,860	-	-	17,860
Total capital assets being depreciated	144,331	-	-	144,331
Less accumulated depreciation for:				
Leasehold improvements	32,444	5,586	-	38,030
Store equipment	36,275	231	-	36,506
Office equipment	18,297	2,195	-	20,492
Total accumulated depreciation	87,016	\$ 8,012	\$ -	95,028
ABC Board capital assets, net	\$ 57,315			\$ 49,303

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Wingate and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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. 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 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 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 Wingate 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 Wingate's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees, 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 Wingate were \$64,179 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 WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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 \$324,299 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 (measurement date), the Town's proportion was .01367%, which was a decrease of .00151% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$74,784. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,032	\$ 1,679
Changes of assumptions	86,056	-
Net difference between projected and actual earnings on pension plan investments	44,516	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,850	27,900
Town contributions subsequent to the measurement date	64,179	-
Total	<u>\$ 246,633</u>	<u>\$ 29,579</u>

\$64,179 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 78,592
2021	49,765
2022	2,829
2023	21,689
2024	-
Thereafter	-
	<u>\$ 152,875</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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, 2018 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	100%	

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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 liability to change in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 778,995	\$ 324,299	\$ (55,652)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

(1) Plan Description

The Town of Wingate, NC 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 .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate financial report.

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

Inactive members receiving benefits	-
Active plan members	7
Total	<u>7</u>

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

The entry age normal 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 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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. All mortality rates are projected from RP-2014 Total Data Set Mortality Tables using generational improvement with Scale MP-2015.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

(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 benefit 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 has not paid any benefits for this reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$153,977. 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 standard actuarial techniques incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$15,933.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,035
Changes of assumptions	8,681	10,149
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 8,681	\$ 15,184

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

Year ended June 30:	
2020	\$ (1,151)
2021	(1,151)
2022	(1,151)
2023	(1,151)
2024	(822)
Thereafter	(1,077)

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ <u>172,414</u>	\$ <u>153,977</u>	\$ <u>137,481</u>

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

	2019
Beginning balance	\$ <u>146,847</u>
Service cost	12,119
Interest on the total pension liability	4,640
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(1,031)
Changes of assumptions or other inputs	(8,598)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ <u>153,977</u>

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

c. Retiree Insurance Allowance Plan

The Town of Wingate, NC administered the Retiree Insurance Allowance Plan, a single-employer defined benefit pension plan that provided retirement benefits to the Town's employees provided they participated in the North Carolina Local Governmental Employee's Retirement System and had at least fifteen years of creditable service with the Town. Monthly benefits ranged from \$110 to \$175 and were determined by years of service with the Town and included lifetime maximums ranging from \$19,800 for retirees with 15-20 of service to \$52,500 for retirees with 30 or more years of service.

The retirement benefits were not subject to any increases in salary or retirement allowances that may be authorized by the Town's Board of Commissioners. The Board of Commissioners has the authority to establish and amend benefit provisions.

Effective April 30, 2019, the Board of Commissioners terminated the Plan and employees with at least 15 years of service at that time were paid out. No additional benefits are due or will accrue under this Plan.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 74,784	\$ 15,933	\$ 90,717
Pension Liability	324,999	153,977	478,976
Proportionate share of the net pension liability	.01367%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	50,032	-	50,032
Changes of assumptions	86,056	8,681	94,737
Net difference between projected and actual earnings on plan investments	44,516	-	44,516
Changes in proportion and differences between contributions and proportionate share of contributions	1,850	-	1,850
Contributions, benefit payments and administrative costs paid subsequent to the measurement date	64,179	-	64,179
Deferred Inflows of Resources			
Differences between expected and actual experience	1,679	5,035	6,714
Changes of assumptions	-	10,149	10,149
Changes in proportion and differences between contributions and proportionate share of contributions	27,900	-	27,900

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

d. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$17,950 for the reporting year. No amounts were forfeited.

e. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to eligible non-law enforcement employees of the Town.

Funding Policy. The Town contributes to the Plan each month an amount equal to five percent of each eligible employees' salary, and all amounts contributed are vested immediately. Employees may make voluntary contributions to the plan.

The Town made contributions of \$22,543 for the reporting year. No amounts were forfeited.

f. Other Employment Benefits

Other Post Employment Benefits

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.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at June 30, 2019 are comprised of the following:

Contributions to pension plan in current fiscal year	\$	64,179
Differences between expected and actual experience		50,032
Changes of assumptions		94,738
Net difference between projected and actual earnings on plan investments		44,516
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,850
Total	\$	<u>255,315</u>

Deferred inflows of resources at June 30, 2019 are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 6,506
Differences between expected and actual experience	6,714	-
Changes of assumptions	10,149	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,900	-
Total	<u>\$ 44,763</u>	<u>\$ 6,506</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$5 million and auto liability coverage of \$3 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims against general liability, auto liability, and property in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town does not carry flood insurance because no significant property of the Town is in an area that has been mapped as a flood zone.

In accordance with G.S. 159-29, the Town's employees who have access to \$100 or more at any given time of Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000 and the remaining employees with access to cash are bonded under a blanket bond of \$10,000.

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.

Town of Wingate ABC Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The ABC Board has commercial property, general liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability coverage.

Claims have not exceeded coverage in any of the past three fiscal years and there has been no significant reduction in insurance coverage in the prior year. In accordance with G.S. 18B-700(i) each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

4. Claims, Judgements and Contingent Liabilities

At June 30, 2019, the Town was not a party to any litigation or pending claims. However, from time to time the Town is subject to various claims and legal matters that arise in the ordinary course of its operations. In the opinion of the Town's management and the Town attorney, the ultimate effect of any resulting legal matters will not have a material adverse effect on the Town's financial position at June 30, 2019.

5. Long-Term Obligations

a. Installment Purchases – Direct Borrowings and Direct Placements

	Serviced by	
	Governmental Activities	Business-Type Activities
Note payable to a bank for the construction of a new community center; payable in monthly installments of \$778 plus interest at 4.14%; final payment due April 2021; secured by real property.	\$ 17,110	\$ -
Note payable to the USDA for the town hall and fire department in the amount of \$3,480,000; payable in annual installments of \$135,755 including interest at 2.375%; final payment of all principal and accrued and unpaid interest due in December 2056; secured by real property.	2,191,019	1,179,707
Note payable to a bank for improvements to water and sewer lines related to the Dianne Street and Bivens Street projects; payable in monthly installments of \$2,926 including interest at 4.92%; final payment due in November 2029; secured by Deed of Trust on related property, improvements and fixtures.	-	285,708
Note payable to a bank for improvements to water lines related to the Camden Street project; payable in semi-annual installments of \$34,239 including interest at 3.39%; final payment due in May 2027; secured by Deed of Trust on related property, improvements and fixtures.	-	476,324
Note payable to NCDENR for improvements to the Town's water and sewer system; payable in annual installments of \$57,201 with semi-annual interest payments at 2.0%. Additionally, \$1,000,000 of the loan will be forgiven. The remainder of the note is due in May 2033.	-	800,812
Total installment purchases	\$ 2,208,129	\$ 2,742,551

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

Annual debt service payments of the installment purchase contracts as of June 30, 2019, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 45,537	\$ 52,569	\$ 151,004	\$ 71,511
2021	44,841	51,325	154,354	66,955
2022	37,944	50,297	157,833	62,268
2023	38,845	49,395	161,444	57,448
2024	39,768	48,473	165,190	52,488
2025 – 2029	213,464	227,740	746,919	191,636
2030 – 2034	240,045	201,158	372,511	119,933
2035 – 2039	269,937	171,266	145,351	92,221
2040 – 2044	303,552	137,652	163,450	74,121
2045 – 2049	341,352	99,852	183,804	53,767
2050 – 2054	383,859	57,345	206,693	30,878
2055 – 2058	248,985	11,828	133,998	6,369
Totals	\$ 2,208,129	\$ 1,158,904	\$ 2,742,551	\$ 879,595

At June 30, 2019 the Town had a legal debt margin of \$5,740,964.

b. Revenue Bond

Serviced by the Water & Sewer Fund:

\$1,039,000 water and sewer revenue bond, series 2015, issued for water and sewer system improvements with annual principal payments starting at \$15,000 and increasing periodically thereafter. Interest is payable annually at a rate of 2.625%.

Balances at June 30, 2019 are as follows:

Bond	\$ 977,000
Less portion due within one year	(17,000)
Long-term debt	<u>\$ 960,000</u>

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

The future payments of the revenue bond are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 17,000	\$ 25,646
2021	17,000	25,200
2022	18,000	24,754
2023	18,000	24,281
2024	18,000	23,809
2025 – 2029	99,000	111,615
2030 – 2034	114,000	97,834
2035 – 2039	130,000	82,058
2040 – 2044	147,000	64,129
2045 – 2049	167,000	43,785
2050 – 2054	190,000	20,738
2055 – 2058	42,000	1,101
Total	\$ 977,000	\$ 544,950

The Town is in compliance with the covenants as to rates, fees and charges in Article VII, of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bond, Series 2015. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2019, is as follows:

Operating revenues	\$ 2,015,636
Operating expenses*	1,702,651
Operating income	312,985
Nonoperating revenues (expenses)**	(68,246)
Income available for debt service	\$ 244,739
Debt service, principal and interest paid (Revenue bond only)	\$ 42,066
Debt service coverage ratio	582%

* Per rate covenants, this does not include the depreciation expense of \$260,725.

** Per rate covenants, this does not include revenue bond interest paid of \$25,066.

The Town has pledged future water and sewer revenues, net of specified operating expenses, to repay the \$1,039,000 water and sewer revenue bond issued in December 2015. Proceeds from the bond provided financing for water and sewer system improvements. The bond is payable solely from water and sewer net revenues and is payable through 2055. Annual principal and interest payments on the bond are expected to require less than 9.5% of net revenues. The total principal and interest remaining to be paid on the bond is \$1,521,850. Principal and interest paid for the current year and total net revenues were \$42,066 and \$2,015,636, respectively.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

c. Changes in Long-Term Liabilities

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Installment purchases –					
direct borrowing and					
direct placements	\$ 2,253,999	\$ -	\$ 45,869	\$ 2,208,130	\$ 45,537
Compensated absences	47,040	-	17,656	29,384	23,698
Net pension liability					
(LGERS)	170,066	71,079	-	241,145	-
Total pension obligation					
(LEOSSA)	146,847	7,130	-	153,977	-
Net pension obligation					
(Retiree Insurance					
Allowance)	48,244	-	48,244	-	-
Governmental activity					
Long-term liabilities	<u>\$ 2,666,196</u>	<u>\$ 78,209</u>	<u>\$ 111,769</u>	<u>\$ 2,632,636</u>	<u>\$ 69,235</u>
Business-type activities:					
Installment purchases -					
direct borrowings and					
direct placements	\$ 2,890,917	\$ -	\$ 148,367	\$ 2,742,551	\$ 151,004
Revenue bonds	993,000	-	16,000	977,000	17,000
Net pension liability					
(LGERS)	61,842	21,312	-	83,154	-
Net pension obligation					
(Retiree Insurance					
Allowance)	17,546	-	17,546	-	-
Compensated absences	24,028	9,942	-	33,970	27,395
Business-type activity					
Long-term debt	<u>\$ 3,987,333</u>	<u>\$ 31,254</u>	<u>\$ 181,913</u>	<u>\$ 3,836,675</u>	<u>\$ 195,399</u>

For governmental activities, compensated absences and the installment purchases are liquidated by the general fund.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS – Continued

C. Interfund Activity

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

From the General Fund to the Sidewalk Capital Project Fund to supplement other funding sources	\$ <u>2,375</u>
From the General Fund to the Police Department Capital Project Fund to supplement other funding sources	\$ <u>13,478</u>
From Water & Sewer Fund to Pipeline Capital Project Fund to supplement other funding sources	\$ <u>7,500</u>
From Water & Sewer Fund to Diane Street Sewer Extension Capital Project to supplement other funding sources	\$ <u>40,000</u>

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	\$ 1,115,024
Less:	
Prepays	7,556
Stabilization by State Statute	116,388
Streets – Powell Bill	70,916
Remaining Fund Balance	\$ <u>920,164</u>

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued.

TOWN OF WINGATE, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - SPECIAL ITEMS

The following items are reflected in the government-wide statements as special items because they are unusual in nature but under the control of management.

During the year ended June 30, 2019, the Town abandoned plans that were underway for renovation of an existing building for the police department and wrote off expenses incurred to date amounting to \$35,978.

During the year ended June 30, 2019, the Town terminated its retiree insurance allowance plan and made payments to employees who had earned benefits as of that date. The termination of the plan resulted in a net gain of \$16,704.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINGATE, NORTH CAROLINA
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
*Last Five Fiscal Years**

Exhibit J

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wingate's proportion of the net pension liability (asset) %	0.01367%	0.01518%	0.01597%	0.01286%	0.01318%	0.01580%
Wingate's proportion of net pension liability (asset) \$	\$ 324,299	\$ 231,908	\$ 338,937	\$ 57,715	\$ (77,729)	\$ 190,451
Wingate's covered payroll	\$ 767,974	\$ 797,336	\$ 757,161	\$ 687,332	\$ 643,321	\$ 688,510
Wingate's proportionate share of net pension liability (asset) as a percentage of its covered payroll	42.23%	29.09%	44.76%	8.40%	(12.08%)	27.66%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
Last Five Fiscal Years

Exhibit K

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 64,179	\$ 60,107	\$ 60,757	\$ 53,747	\$ 47,336	\$ 44,941
Contributions in relation to the contractually required contribution	<u>64,179</u>	<u>60,107</u>	<u>60,757</u>	<u>53,747</u>	<u>47,336</u>	<u>44,941</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wingate's covered payroll	\$ 794,038	\$ 767,974	\$ 797,336	\$ 757,161	\$ 687,332	\$ 643,321
Contributions as a percentage of covered payroll	8.08%	7.83%	7.62%	7.10%	6.89%	6.99%

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

Exhibit L

	2019	2018	2017
Beginning balance	\$ 146,847	\$ 126,327	\$ 116,279
Service cost	12,119	9,430	10,536
Interest on the total pension liability	4,640	4,876	4,151
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(1,031)	(5,693)	-
Changes of assumptions or other inputs	(8,598)	11,907	(4,639)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 153,977</u>	<u>\$ 146,847</u>	<u>\$ 126,327</u>

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

TOWN OF WINGATE, NORTH CAROLINA
TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit M

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 153,977	\$ 146,847	\$ 126,327
Covered payroll	\$ 345,745	\$ 329,363	\$ 332,134
Total pension liability as a percentage of covered payroll	44.59%	44.59%	38.03%

Notes to the schedules:

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

Changes of assumptions and other inputs:

December 31, 2018 Measurement Date: The Municipal Bond Index Rate increased from 3.16% to 3.64%.

December 31, 2017 Measurement Date: The Municipal Bond Index Rate decreased from 3.86% to 3.16%.
The assumed inflation rate has been reduced from 3.00% to 2.5% and assumed wage inflation has been increased from 0.5% to 1.0%.

December 31, 2016 Measurement Date: The Municipal Bond Index Rate increased from 3.57% to 3.86%.

SUPPLEMENTARY INFORMATION

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2019

Schedule 1
Page 1 of 3

	2019		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Ad valorem taxes:			
Taxes	\$ 574,261	\$ 576,882	\$ 2,621
Penalties and interest	3,500	3,533	33
Total ad valorem taxes	<u>577,761</u>	<u>580,415</u>	<u>2,654</u>
Unrestricted intergovernmental:			
Local option sales tax	179,450	183,619	4,169
Utility franchise tax	147,000	148,734	1,734
Beer and wine tax	16,984	17,236	252
ABC profit distribution	38,200	44,405	6,205
Total unrestricted intergovernmental	<u>381,634</u>	<u>393,994</u>	<u>12,360</u>
Restricted intergovernmental			
Powell Bill allocation	97,200	97,298	98
Solid waste disposal tax	2,000	2,737	737
Drug tax distribution	3,000	3,674	674
ABC revenue for law enforcement	3,230	4,237	1,007
Total restricted intergovernmental	<u>105,430</u>	<u>107,946</u>	<u>2,516</u>
Permits and fees:			
Court fees	740	749	9
Zoning fees	2,000	2,075	75
Total permits and fees	<u>2,740</u>	<u>2,824</u>	<u>84</u>
Sales and service:			
Garbage collection	197,120	193,194	(3,926)
Security service	210,000	210,000	-
Park concessions and rents	15,166	15,191	25
Total sales and service	<u>422,286</u>	<u>418,385</u>	<u>(3,901)</u>
Other general revenues:			
Cemetery	2,850	2,860	10
Miscellaneous	680	815	135
Total other general revenues	<u>3,530</u>	<u>3,675</u>	<u>145</u>
Investment earnings	<u>10,850</u>	<u>12,833</u>	<u>1,983</u>
Total revenues	<u>1,504,231</u>	<u>1,520,072</u>	<u>15,841</u>

Continued

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
For the Year Ended June 30, 2019

Schedule 1
Page 2 of 3

	2019		Variance
	Budget	Actual	Positive (Negative)
Expenditures			
Elected Officials:			
Salaries and employee benefits	\$ 17,609	\$ 17,551	\$ 58
Operating expenditures	1,000	374	626
Total elected officials	18,609	17,925	684
Administration:			
Salaries and employees benefits	85,716	83,053	2,663
Operating expenditures	87,275	81,711	5,564
Total administration	172,991	164,764	8,227
Planning:			
Salaries and employees benefits	1,225	457	768
Operating expenditures	56,595	51,835	4,760
Total planning	57,820	52,292	5,528
Total general government	249,420	234,981	14,439
Public safety - police			
Salaries and employee benefits	564,684	555,238	9,446
Operating expenditures	89,301	76,238	13,063
Capital outlay	32,800	32,794	6
Total public safety - police	686,785	664,270	22,515
Public safety - fire			
Operating expenditures	15,720	15,674	46
Total public safety - fire	15,720	15,674	46
Transportation			
Streets:			
Operating expenditures	45,100	164,201	(119,101)
Capital outlay	120,000	-	120,000
Total transportation	165,100	164,201	899
Environmental Protection			
Public Services:			
Sanitation	194,560	189,900	4,660
Operating expenditures	60,550	58,003	2,547
Total environmental protection	255,110	247,903	7,207

Continued

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
For the Year Ended June 30, 2019

Schedule 1
Page 3 of 3

	2019		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued)			
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	\$ 49,231	\$ 49,046	\$ 185
Operating expenditures	48,228	48,120	108
Total culture and recreation	97,459	97,166	293
Community Outreach:			
Community enrichment	30,930	30,074	856
Total community outreach	30,930	30,074	856
Debt service:			
Principal retirement	45,038	45,869	(831)
Interest and other charges	53,837	52,623	1,214
Total debt service	98,875	98,492	383
Total expenditures	1,599,399	1,552,761	46,638
Revenues over (under) expenditures	(95,168)	(32,689)	62,479
Other financing sources (uses):			
Transfers to other funds			
Transfer to capital projects	(37,237)	(15,853)	21,384
Total other financing (uses)	(37,237)	(15,853)	21,384
Fund balance appropriated	132,405	-	(132,405)
Net change in fund balance	\$ -	(48,542)	\$ (48,542)
Fund balances, beginning		1,163,566	
Fund balances, ending		\$ 1,115,024	

TOWN OF WINGATE, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

Schedule 2

	Sidewalk Capital Project Fund	Police Department Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 955	\$ -	\$ 955
Total assets	<u>\$ 955</u>	<u>\$ -</u>	<u>\$ 955</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 992	\$ -	\$ 992
Total liabilities	<u>992</u>	<u>-</u>	<u>992</u>
Fund balance	<u>(37)</u>	<u>-</u>	<u>(37)</u>
Total liabilities and fund balances	<u>\$ 955</u>	<u>\$ -</u>	<u>\$ 955</u>

Schedule 3

TOWN OF WINGATE, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	Sidewalk Capital Project Fund	Police Department Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Restricted intergovernmental			
Federal grant	\$ 37,342	\$ -	\$ 37,342
EXPENDITURES			
Capital outlay	39,754	35,978	75,732
REVENUES OVER (UNDER)			
EXPENDITURES	(2,412)	(35,978)	(38,390)
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds			
General fund	2,375	13,478	15,853
Net change in fund balance	(37)	(22,500)	(22,537)
Fund balance - beginning	-	22,500	22,500
Fund balance - ending	\$ (37)	\$ -	\$ (37)

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SIDEWALK CAPITAL PROJECT FUND
From Inception and For the Year Ended June 30, 2019

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental					
Federal grant	\$ 115,000	\$ -	\$ 37,342	\$ 37,342	\$ (77,658)
EXPENDITURES					
Capital outlay					
Construction	101,000	-	-	-	101,000
Contracted service	14,000	-	39,754	39,754	(25,754)
Environmental	2,375	-	-	-	2,375
Total expenditures	117,375	-	39,754	39,754	77,621
REVENUES OVER					
(UNDER) EXPENDITURES	(2,375)	-	(2,412)	(2,412)	(37)
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds					
General fund	2,375	-	2,375	2,375	-
Total other financing sources (uses)	2,375	-	2,375	2,375	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(37)</u>	<u>\$ (37)</u>	<u>\$ (37)</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ (37)</u>		

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
POLICE DEPARTMENT CAPITAL PROJECT FUND
From Inception and For the Year Ended June 30, 2019

Schedule 5

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
EXPENDITURES					
Capital outlay					
Professional services	\$ 60,000	\$ -	\$ 35,978	\$ 35,978	\$ 24,022
Building renovations	400,000	-	-	-	400,000
Parking lot renovations	120,000	-	-	-	120,000
Streetscape improvements	80,000	-	-	-	80,000
Total expenditures	<u>660,000</u>	<u>-</u>	<u>35,978</u>	<u>35,978</u>	<u>624,022</u>
REVENUES OVER					
(UNDER) EXPENDITURES	<u>(660,000)</u>	<u>-</u>	<u>(35,978)</u>	<u>(35,978)</u>	<u>624,022</u>
OTHER FINANCING SOURCES/(USES)					
Installment purchase obligations issued	535,000	-	-	-	(535,000)
Transfers from other funds					
General fund	45,000	22,500	13,478	35,978	(9,022)
Powell Bill	80,000	-	-	-	(80,000)
Total other financing sources	<u>660,000</u>	<u>22,500</u>	<u>13,478</u>	<u>35,978</u>	<u>(624,022)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 22,500</u>	<u>(22,500)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>22,500</u>		
Fund balance, ending			<u>\$ -</u>		

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
For the Year Ended June 30, 2019

Schedule 6
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Operating revenues			
Water sales	\$ 859,560	\$ 905,872	\$ 46,312
Sewer charges	991,430	991,970	540
Water and sewer taps	49,500	50,005	505
Other operating revenues	58,960	67,790	8,830
Total operating revenues	<u>1,959,450</u>	<u>2,015,637</u>	<u>56,187</u>
Nonoperating revenues			
Investment earnings	8,500	9,596	1,096
Total nonoperating revenues	<u>8,500</u>	<u>9,596</u>	<u>1,096</u>
Total revenues	<u>1,967,950</u>	<u>2,025,233</u>	<u>57,283</u>
Expenditures			
Water operations:			
Salaries and employee benefits	269,760	269,091	669
Other operating expenditures	576,905	569,590	7,315
Total	<u>846,665</u>	<u>838,681</u>	<u>7,984</u>
Sewer operations			
Salaries and employees benefits	269,860	269,093	767
Other operating expenditures	543,420	540,606	2,814
Total	<u>813,280</u>	<u>809,699</u>	<u>3,581</u>
Debt service			
Interest fees	104,227	103,163	1,064
Principal retirement	163,778	164,366	(588)
Total	<u>268,005</u>	<u>267,529</u>	<u>476</u>
Total expenditures	<u>1,927,950</u>	<u>1,915,909</u>	<u>12,041</u>
Revenues over (under) expenditures	<u>\$ 40,000</u>	<u>\$ 109,324</u>	<u>\$ 69,324</u>

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
For the Year Ended June 30, 2019

Schedule 6
Page 2 of 2

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Other financing sources (uses)			
Transfer to pipeline capital project fund	\$ -	\$ (7,500)	\$ 7,500
Transfer to Diane street sewer extension capital project fund	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(40,000)</u>	<u>(47,500)</u>	<u>7,500</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>\$ -</u>	<u>\$ 61,824</u>	<u>\$ 61,824</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Net change in fund balance		<u>\$ 61,824</u>	
Principal retirement		164,366	
Depreciation		(260,725)	
Capital contributions in pipeline capital project fund		477,590	
Pipeline capital project fund expenditures not capitalized		(163,351)	
Decrease in accrued interest		254	
Increase in compensated absences		(9,942)	
Increase in deferred outflows of resources - pensions		17,024	
Increase in net pension liability		(3,766)	
Decrease in deferred inflows of resources - pensions		542	
Transfer to pipeline capital project fund		7,500	
Transfer to Diane street sewer extension capital project fund		<u>40,000</u>	
Total reconciling items		<u>269,492</u>	
Change in net position		<u>\$ 331,316</u>	

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
PIPELINE CAPITAL PROJECT FUND
From Inception and For the Year Ended June 30, 2019

Schedule 7

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Restricted intergovernmental					
Federal grant	\$ 441,895	\$ -	\$ 477,590	\$ 477,590	\$ 35,695
EXPENDITURES:					
Engineering	88,750	-	87,549	87,549	1,201
Non-reimbursable costs	15,000	5,313	-	5,313	9,687
Construction management	20,000	1,459	-	1,459	18,541
Construction	328,145	-	385,848	385,848	(57,703)
Total expenditures	451,895	6,772	473,397	480,169	(28,274)
REVENUES OVER					
(UNDER) EXPENDITURES	(10,000)	(6,772)	4,193	(2,579)	7,421
OTHER FINANCING SOURCES (USES)					
Transfer from					
Water & Sewer Fund	7,500	6,772	7,500	14,272	6,772
General fund	2,500	-	-	-	(2,500)
Total other financing sources	10,000	6,772	7,500	14,272	4,272
Net change in fund balance	\$ -	\$ -	11,693	\$ 11,693	\$ 11,693
Fund balance, beginning			-		
Fund balance, ending			\$ 11,693		

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
DIANE STREET SEWER EXTENSION CAPITAL PROJECT
For the Year Ended June 30, 2019

Schedule 8

	<u>Budget</u>	<u>Prior Year</u>	<u>Actual - Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
REVENUES:					
Restricted intergovernmental					
Federal grant	\$ 371,685	\$ -	\$ -	\$ -	\$ (371,685)
Total revenues	<u>371,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(371,685)</u>
EXPENDITURES:					
Capital Outlay:					
Engineering	35,000	-	30,457	30,457	4,543
Professional services	8,000	-	6,988	6,988	1,012
Construction	<u>428,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,685</u>
Total Capital Outlay	<u>471,685</u>	<u>-</u>	<u>37,445</u>	<u>37,445</u>	<u>434,240</u>
Total expenditures	<u>471,685</u>	<u>-</u>	<u>37,445</u>	<u>37,445</u>	<u>434,240</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(100,000)</u>	<u>-</u>	<u>(37,445)</u>	<u>(37,445)</u>	<u>62,555</u>
OTHER FINANCING SOURCES (USES)					
Transfer from water & sewer fund	<u>100,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>(60,000)</u>
Total other financing sources	<u>100,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>(60,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,555</u>	<u>\$ 2,555</u>	<u>\$ 2,555</u>

OTHER SCHEDULES

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF NET POSITION
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2019

Schedule 9

	Water	Sewer	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 298,320	\$ 489,790	\$ 788,110
Restricted cash	367,236	7,127	374,363
Accounts receivable (net) - billed	71,765	77,229	148,994
Accounts receivable (net) - unbilled	34,786	36,009	70,795
Total current assets	<u>772,107</u>	<u>610,155</u>	<u>1,382,262</u>
Non-current assets			
Capital assets:			
Land and construction in progress	430,004	133,197	563,201
Other capital assets, net depreciation	4,311,701	4,544,621	8,856,322
Total capital assets	<u>4,741,705</u>	<u>4,677,818</u>	<u>9,419,523</u>
Total non-current assets	<u>4,741,705</u>	<u>4,677,818</u>	<u>9,419,523</u>
Total assets	<u>5,513,812</u>	<u>5,287,973</u>	<u>10,801,785</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	<u>31,620</u>	<u>31,620</u>	<u>63,240</u>
Total deferred outflows of resources	<u>31,620</u>	<u>31,620</u>	<u>63,240</u>
LIABILITIES			
Current liabilities			
Accounts payable	360,254	77,353	437,607
Accrued payroll	3,657	3,658	7,315
Accrued interest	7,868	7,869	15,737
Customer deposits	39,700	-	39,700
Current portion of compensated absences	13,697	13,698	27,395
Current portion of long-term debt	90,522	77,482	168,004
Total current liabilities	<u>515,698</u>	<u>180,060</u>	<u>695,758</u>
Long-term liabilities			
Net pension liability	41,577	41,577	83,154
Compensated absences	3,287	3,288	6,575
Long-term debt	2,095,510	1,456,037	3,551,547
Total long-term liabilities	<u>2,140,374</u>	<u>1,500,902</u>	<u>3,641,276</u>
Total liabilities	<u>2,656,072</u>	<u>1,680,962</u>	<u>4,337,034</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>3,792</u>	<u>3,792</u>	<u>7,584</u>
Total deferred inflows of resources	<u>3,792</u>	<u>3,792</u>	<u>7,584</u>
NET POSITION			
Net investment in capital assets	2,555,673	3,144,299	5,699,972
Unrestricted	329,895	490,540	820,435
Total net position	<u>\$ 2,885,568</u>	<u>\$ 3,634,839</u>	<u>\$ 6,520,407</u>

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

TOWN OF WINGATE, NORTH CAROLINA **Schedule 10**
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for service	\$ 905,872	\$ 991,970	\$ 1,897,842
Water and sewer taps	14,450	35,555	50,005
Other operating revenues	<u>67,789</u>	<u>-</u>	<u>67,789</u>
Total operating revenues	<u>988,111</u>	<u>1,027,525</u>	<u>2,015,636</u>
OPERATING EXPENSES			
Salaries	267,163	267,164	534,327
Operations	284,967	81,606	366,573
Water purchases	447,973	-	447,973
Waste collection and treatment	-	459,000	459,000
Depreciation	<u>144,083</u>	<u>116,642</u>	<u>260,725</u>
Total operating expenses	<u>1,144,186</u>	<u>924,412</u>	<u>2,068,598</u>
Operating income (loss)	<u>(156,075)</u>	<u>103,113</u>	<u>(52,962)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	4,960	4,637	9,597
Interest and other charges	<u>(64,329)</u>	<u>(38,580)</u>	<u>(102,909)</u>
Total nonoperating revenues (expenses)	<u>(59,369)</u>	<u>(33,943)</u>	<u>(93,312)</u>
Income (loss) before contributions	(215,444)	69,170	(146,274)
Capital contributions	<u>477,590</u>	<u>-</u>	<u>477,590</u>
Change in net position	262,146	69,170	331,316
Total net position, beginning	<u>2,623,422</u>	<u>3,565,669</u>	<u>6,189,091</u>
Total net position, ending	<u>\$ 2,885,568</u>	<u>\$ 3,634,839</u>	<u>\$ 6,520,407</u>

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

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2019

Schedule 11
Page 1 of 2

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 913,605	\$ 1,026,276	\$ 1,939,881
Cash paid for goods and services	(432,140)	(527,870)	(960,010)
Cash paid to or on behalf of employees for services	(269,471)	(269,471)	(538,942)
Other operating revenues	<u>67,789</u>	<u>-</u>	<u>67,789</u>
Net cash provided by operating activities	<u>279,783</u>	<u>228,935</u>	<u>508,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	(87,097)	(77,269)	(164,366)
Interest paid	(64,456)	(38,707)	(103,163)
Acquisition and construction of capital assets	(313,432)	(34,060)	(347,492)
Capital contributions - Federal grant	<u>477,590</u>	<u>-</u>	<u>477,590</u>
Net cash used in capital and related financing activities	<u>12,605</u>	<u>(150,036)</u>	<u>(137,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>4,960</u>	<u>4,637</u>	<u>9,597</u>
Net cash provided by investing activities	<u>4,960</u>	<u>4,637</u>	<u>9,597</u>
 Net increase in cash and cash equivalents	 297,348	 83,536	 380,884
Cash balances, beginning	<u>368,208</u>	<u>413,381</u>	<u>781,589</u>
Cash balances, ending	<u>\$ 665,556</u>	<u>\$ 496,917</u>	<u>\$ 1,162,473</u>

Continued

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF CASH FLOWS
WATER AND SEWER FUND BY FUNCTION
For the Year Ended June 30, 2019
Business-Type Activities

Schedule 11
Page 2 of 2

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income to net cash			
provided by operating activities:			
Operating income (loss)	\$ (156,075)	\$ 103,113	\$ (52,962)
Adjustments to reconcile operating income to net cash			
provided by operating activities:			
Depreciation	144,083	116,642	260,725
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(9,277)	(1,249)	(10,526)
(Increase) decrease in deferred outflows of resources for pensions	(8,512)	(8,512)	(17,024)
Increase (decrease) in accounts payable	300,800	12,736	313,536
Increase (decrease) in accrued payroll	(378)	(379)	(757)
Increase (decrease) in compensated absences	4,970	4,972	9,942
Increase (decrease) in customer deposits	2,560	-	2,560
Increase (decrease) in net pension liability	1,883	1,883	3,766
Increase (decrease) in deferred inflows of resources for pensions	(271)	(271)	(542)
Total adjustments	<u>435,858</u>	<u>125,822</u>	<u>561,680</u>
Net cash provided (used) by operating activities	<u>\$ 279,783</u>	<u>\$ 228,935</u>	<u>\$ 508,718</u>

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

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
GENERAL FUND
June 30, 2019

Schedule 12

<u>Fiscal Year</u>	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 574,676	\$ 570,759	\$ 3,917
2017-2018	5,591	-	2,887	2,704
2016-2017	2,458	-	947	1,511
2015-2016	1,688	-	736	952
2014-2015	1,367	-	437	930
2013-2014	2,189	-	375	1,814
2012-2013	1,546	-	264	1,282
2011-2012	1,518	-	116	1,402
2010-2011	1,071	-	65	1,006
2009-2010	1,053	-	65	988
2008-2009	1,637	-	1,637	-
	<u>\$ 20,118</u>	<u>\$ 574,676</u>	<u>\$ 578,288</u>	16,506
Less: Allowance for uncollectible accounts Ad valorem taxes receivable				<u>(10,000)</u>
Ad valorem taxes receivable - net				<u>\$ 6,506</u>
Reconciliation with revenues				
Ad valorem taxes collected - General Fund				\$ 580,415
Taxes written off				1,637
Interest collected				<u>(3,764)</u>
Total collections and credits				<u>\$ 578,288</u>

TOWN OF WINGATE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
For the Year Ended June 30, 2019

Schedule 13

				Total Levy	
	City-Wide		Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate			
Original Levy:					
Property taxes at current year's rate	\$ 133,839,988	0.43	\$ 575,512	\$ 503,182	\$ 72,330
Abatements:	<u>(194,435)</u>	0.43	<u>(836)</u>	<u>(836)</u>	<u>-</u>
Total valuation	<u>\$ 133,645,553</u>				
Net levy			574,676	502,346	72,330
Uncollected taxes at June 30, 2019			<u>(3,917)</u>	<u>(3,917)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 570,759</u>	<u>\$ 498,429</u>	<u>\$ 72,330</u>
Current levy collection percentage			<u>99.32%</u>	<u>99.22%</u>	<u>100.00%</u>

COMPLIANCE SECTION



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Wingate, North Carolina**, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the **Town of Wingate's** basic financial statements, and have issued our report thereon dated December 23, 2019. The financial statements of the Town of Wingate ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency. [2019-1]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Town of Wingate's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Wingate's Responses to Findings

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

Purpose of this Report

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

December 23, 2019
Monroe, North Carolina

Potts + Company

Section I. Summary of Auditors' Results

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | | | |
|--|-------------------|-----|--------------|----|
| • Material weakness(es) identified? | <u> </u> | yes | <u> X </u> | no |
| • Significant Deficiency(s) identified that are not considered to be material weaknesses | <u> X </u> | yes | | no |

Noncompliance material to financial statements noted

yes X no

Federal Awards

N/A – No major federal programs reported.

State Awards

N/A – No major state programs reported.

TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2019

Section II - Financial Statement Findings

Finding 2019-1

SIGNIFICANT DEFICIENCY

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition: The Town relies on the audit firm to prepare their annual financial statements and related note disclosures.

Effect: The decision by the Town to place the burden for financial statement preparation with the audit firm results in a de facto significant deficiency in internal control. This internal control deficiency is mitigated from a material weakness to a significant deficiency by the fact that the Town Manager and Finance Officer review and assist in the preparation of the financial statements.

Cause: The Town has a small staff and limited financial resources to prepare the Town's financial statements.

Recommendation: Financial statement preparation must continue to be monitored by a qualified Town employee and the responsibility for all management decisions must continue to lie with Town personnel.

View of responsible officials and planned corrective actions: The Town agrees with this finding. The Town will continue to monitor the cost versus benefit of having Town personnel prepare the Town's financial statements.

***TOWN OF WINGATE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2019***

Section III - Federal Award Findings and Questioned Costs

N/A

Section IV - State Award Findings and Questioned Costs

N/A

TOWN OF WINGATE, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2019

Section V – Corrective Action Plan

Finding 2019-1

Name of contact person: Karen Wingo, Finance Officer

Corrective action: Management will continue to monitor the cost versus benefit of having Town personnel prepare the Town's financial statements and the need to address such an issue internally.

Proposed Completion Date: The governing board will implement the above procedure immediately.

TOWN OF WINGATE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Fiscal Year Ended June 30, 2019

Section VI – Summary Schedule of Prior Year Findings

Finding 2018-1

Status: The Town implemented procedures to include maintaining supporting documentation of journal entries and review and approval of journal entries by the Town Manager.

Finding 2018-2

Status: Repeat finding. Management and governing Board are continuing to monitor cost benefit issues related to staff size and financial statement preparation.